

mBank S.A. Group Consolidated Financial Report for the first quarter of 2025



This document is a translation from the original Polish version. In case of any discrepancies between the Polish and English versions, the Polish version shall prevail.

SELECTED FINANCIAL DATA

The selected financial data presented below are supplementary information to the condensed consolidated financial statements of mBank S.A. Group for the first quarter of 2025 and to the condensed separate financial statements of mBank S.A. for the first quarter of 2025.

Selected financial data for the mBank S.A. Group

SELECTED FINANCIAL DATA FOR THE GROUP	PLN thousand		EUR thousand	
	Period from 01.01.2025 to 31.03.2025	Period from 01.01.2024 to 31.03.2024	Period from 01.01.2025 to 31.03.2025	Period from 01.01.2024 to 31.03.2024
I. Interest income	3 626 425	3 561 177	866 571	824 137
II. Fee and commission income	823 439	768 174	196 769	177 773
III. Net trading income	71 861	53 281	17 172	12 330
IV. Operating profit	1 176 583	614 617	281 156	142 236
V. Profit before income tax	989 460	432 706	236 441	100 138
VI. Net profit attributable to Owners of mBank S.A.	705 671	262 523	168 627	60 754
VII. Net profit attributable to non-controlling interests	-	43	-	10
VIII. Net cash flows from operating activities	(17 688 447)	(11 598 116)	(4 226 832)	(2 684 066)
IX. Net cash flows from investing activities	(180 515)	(219 517)	(43 136)	(50 801)
X. Net cash flows from financing activities	(2 089 880)	(349 488)	(499 398)	(80 879)
XI. Total net increase / decrease in cash and cash equivalents	(19 958 842)	(12 167 121)	(4 769 366)	(2 815 746)
XII. Basic earnings per share (in PLN/EUR)	16.61	6.18	3.97	1.43
XIII. Diluted earnings per share (in PLN/EUR)	16.58	6.17	3.96	1.43
XIV. Declared or paid dividend per share (in PLN/EUR)	-	-	-	-

SELECTED FINANCIAL DATA FOR THE GROUP	PLN thousand		EUR thousand	
	As at		As at	
	31.03.2025	31.12.2024	31.03.2025	31.12.2024
I. Total assets	246 067 967	245 957 363	58 813 061	57 560 815
II. Amounts due to other banks	2 969 133	3 059 431	709 657	715 991
III. Amounts due to customers	200 616 936	200 808 978	47 949 744	46 994 846
IV. Equity attributable to Owners of mBank S.A.	17 048 737	16 266 994	4 074 843	3 806 926
V. Non-controlling interests	-	-	-	-
VI. Share capital	169 988	169 988	40 629	39 782
VII. Number of shares	42 496 973	42 496 973	42 496 973	42 496 973
VIII. Book value per share (in PLN/EUR)	401.18	382.78	95.89	89.58
IX. Total capital ratio (%)	15.4	17.0	15.4	17.0
X. Tier I capital ratio (%)	14.2	15.7	14.2	15.7
XI. Common Equity Tier I capital ratio (%)	12.9	14.2	12.9	14.2

Selected financial data for the mBank S.A.

SELECTED FINANCIAL DATA FOR THE BANK	PLN thousand		EUR thousand	
	Period from 01.01.2025 to 31.03.2025	Period from 01.01.2024 to 31.03.2024	Period from 01.01.2025 to 31.03.2025	Period from 01.01.2024 to 31.03.2024
I. Interest income	3 453 389	3 378 276	825 222	781 809
II. Fee and commission income	754 735	694 463	180 352	160 714
III. Net trading income	69 508	51 365	16 610	11 887
IV. Operating profit	1 111 117	508 781	265 513	117 743
V. Profit before income tax	984 138	412 707	235 170	95 510
VI. Net profit	713 064	259 317	170 394	60 012
VII. Cash flows from operating activities	(18 933 935)	(11 730 348)	(4 524 454)	(2 714 667)
VIII. Cash flows from investing activities	(179 370)	(210 790)	(42 862)	(48 782)
IX. Cash flows from financing activities	(846 362)	(241 731)	(202 247)	(55 942)
X. Net increase / decrease in cash and cash equivalents	(19 959 667)	(12 182 869)	(4 769 563)	(2 819 391)
XI. Basic earnings / (losses) per share (in PLN/EUR)	16.78	6.11	4.01	1.41
XII. Diluted earnings / (losses) per share (in PLN/EUR)	16.75	6.09	4.00	1.41
XIII. Declared or paid dividend per share (in PLN/EUR)	-	-	-	-

SELECTED FINANCIAL DATA FOR THE BANK	PLN thousand		EUR thousand	
	As at		As at	
	31.03.2025	31.12.2024	31.03.2025	31.12.2024
I. Total assets	243 650 511	242 268 385	58 235 262	56 697 492
II. Amounts due to other banks	2 982 500	3 085 267	712 852	722 038
III. Amounts due to customers	200 526 312	200 775 756	47 928 084	46 987 071
IV. Total equity	18 548 087	17 763 743	4 433 205	4 157 206
V. Registered share capital	169 988	169 988	40 629	39 782
VI. Number of shares	42 496 973	42 496 973	42 496 973	42 496 973
VII. Book value per share (in PLN/EUR)	401.16	382.70	95.88	89.56
VIII. Total capital ratio (%)	17.5	19.5	17.5	19.5
IX. Tier I capital ratio (%)	16.2	18.0	16.2	18.0
X. Common Equity Tier I capital ratio (%)	14.7	16.3	14.7	16.3

The following exchange rates were used in translating selected financial data into euro:

- for items of the statement of financial position – exchange rate announced by the National Bank of Poland as at 31 March 2025: EUR 1 = 4.1839 PLN, 31 December 2024: EUR 1 = 4.2730 PLN;
- for items of the income statement – exchange rate calculated as the arithmetic mean of exchange rates announced by the National Bank of Poland as at the end of each month of the first quarter of 2025 and 2024: EUR 1 = 4.1848 PLN and EUR 1 = 4.3211 PLN, respectively.

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INTRODUCTION

mBank Group achieved very good operational and financial results in Q1 2025. During the period under review, mBank Group recorded a profit before tax of PLN 989.5 million, while the net profit attributable to owners of mBank amounted to PLN 705.7 million. The results were negatively impacted by costs of legal risk related to foreign currency loans, but this impact was lower than in the previous quarter.

Net profit of the Core Business (mBank Group excluding FX Mortgage Loans segment) attributable to owners of mBank reached PLN 1 208.2 million in Q1 2025, which translated into net ROE of 28.1%.

The main factors determining the mBank Group's results in Q1 2025 were as follows:

- **Stable income level** compared to the previous quarter (PLN 3 029.9 million, i.e. -0.5%),
- **Higher operating costs** (including depreciation) on a quarterly basis at the level of PLN 1 026.4 million, due to the recognition of the annual contribution to the Bank Guarantee Fund's resolution fund,
- **Cost of risk** at the level of PLN 165.2 million, i.e. 53 basis points,
- **Costs of legal risk related to foreign currency loans** at the level of PLN 661.8 million, significantly below the level of the previous quarter,
- **Taxes on the Group's balance sheet items** amounting to PLN 187.1 million,
- **Continued organic growth and business expansion** manifested in:
 - **Increase in the retail customer base** to 5 781.8 thousand customers (+67.4 thousand customers compared to the end of 2024),
 - **Increase in the number of corporate customers** to 36 516 customers (+393 customers compared to the end of 2024).

At the end of March 2025, net loans and advances amounted to PLN 127 815.7 million, which was higher compared to the end of 2024 by PLN 6 397.1 million, i.e. 5.3%. The value of gross loans granted to corporate clients increased to PLN 59 745.0 million, i.e. by PLN 5 493.9 million, +10.1% quarter on quarter. The volume of gross loans granted to individual clients increased compared to the end of 2024 by PLN 957.1 million, i.e. 1.4%, and amounted to PLN 71 546.1 million.

As a consequence Loan-to-deposit ratio increased to 63.7% compared to 60.5% at the end of 2024.

Total Capital Ratio stood at 15.4% at the end of March 2025 and Tier I capital ratio amounted to 14.2%. In the period under review, total risk exposure amount increased. At the same time, surplus over the PFSA capital requirements amounted to 4.3 p.p. over the total capital ratio and 5.2 p.p. for the Tier I capital ratio. In accordance with the resolution of the Ordinary General Meeting regarding the distribution of profit earned in 2024, the Bank has retrospectively included the net profit achieved in Q4 2024 into its own funds.

As a result of the implementation of CRR 3 and other regulatory changes in Q1 2025, risk-weighted assets (RWA) increased by approximately PLN 4 billion (approximately 4%). The majority of impact was related to operational risk.

Moreover, the Bank remains in decision process with the banking authorities on material changes to the credit risk assessment (day past due calculation) and resulting impact on risk weighted assets. The timing and impact will depend on the decision of the banking authorities.

mBank S.A. Group

Consolidated financial report for the first quarter of 2025

Condensed consolidated financial statement of mBank S.A. for the first quarter of 2025

(PLN thousand)

Summary of results of mBank Group core business in Q1 2025

PLN million	Core business	FX Mortgage Loans	mBank Group
Net interest income	2 448.7	-10.0	2 438.7
Net fee, trading and other income	600.5	-9.3	591.2
Total income	3 054.2	-24.3	3 029.9
Total costs	-1 002.6	-23.8	-1 026.4
Net impairment losses and fair value change on loans and advances	-213.5	48.3	-165.2
Cost of legal risk related to FX loans	0.0	-661.8	-661.8
Operating profit	1 838.1	-661.5	1 176.6
Taxes on the Group balance sheet items	-184.5	-2.6	-187.1
Profit/loss before income tax	1 653.6	-664.1	989.5
Net profit/loss attributable to mBank shareholders	1 208.2	-502.5	705.7
Total assets	243 838.4	2 229.6	246 068.0
Net interest margin	4.29%		4.23%
Cost/Income ratio	32.8%		33.9%
ROE net	28.1%		15.6%
ROA net	2.0%		1.2%

Core business – results of mBank Group excluding the FX Mortgage Loans segment.**Total income** – calculated as the sum of net interest income, net fee and commission income, dividend income, net trading income, other income, other operating income and other operating expenses.**Net impairment losses and fair value change on loans and advances** – the sum of impairment or reversal of impairment on financial assets not measured at fair value through profit or loss and gains or losses from non-trading loans and advances mandatorily measured at fair value through profit or loss.**Net interest margin** – calculated by dividing net interest income by average interest earning assets. Net interest income calculated for the purpose of net interest margin excludes gains or losses on modification. Gains or losses on modification included cost of credit holidays in Q4 2024. Interest earning assets are a sum of cash and cash equivalents, loans and advances to banks, debt securities (in all valuation methods) and loans and advances to customers (net; in all valuation methods). The average interest earning assets are calculated on the basis of the balances as at the end of each month. Net interest income is annualised based on the number of days in the analysed period (an annualisation factor is calculated by dividing a number of days in the year by a number of days in the analysed period).**Cost/Income ratio** – calculated by dividing overhead costs and depreciation by total income (excluding tax on Group's balance sheet items).**ROE net** – calculated by dividing net profit/loss attributable to Owners of the Bank by the average equity attributable to Owners of the Bank, net of the year's results. The average equity is calculated on the basis of the balances as at the end of each month. Net profit/loss attributable to Owners of the Bank is annualised based on the number of days in the analysed period (an annualisation factor is calculated by dividing a number of days in the year by a number of days in the analysed period).**ROA net** – calculated by dividing net profit/loss attributable to Owners of the Bank by the average total assets. The average total assets are calculated on the basis of the balances as at the end of each month. Net profit/loss attributable to Owners of the Bank is annualised based on the number of days in the analysed period (an annualisation factor is calculated by dividing a number of days in the year by a number of days in the analysed period).**Upgrade of mBank's ratings**

On 27 February 2025, S&P Global Ratings upgraded mBank's long-term issuer rating from 'BBB' to 'BBB+', the bank's senior preferred debt rating from 'BBB' to 'BBB+' and the bank's senior non-preferred debt rating from 'BB+' to 'BBB-'. The agency also affirmed mBank's short-term rating at "A-2".

On 10 April 2025, Moody's Ratings upgraded mBank's long-term deposit rating from "Baa1" to "A3" and affirmed the short-term rating at "P-2". Moody's rating for mBank is based on publicly available information. Following the improvement in mBank's deposit rating, Moody's upgraded the issuer credit rating of mBank Hipoteczny from "Baa2" to "Baa1".

On 22 April 2025, Fitch Ratings upgraded mBank's long-term Issuer Default Rating from "BBB-" to "BBB", the bank's senior preferred debt rating from "BBB-" to "BBB+", the senior non-preferred debt rating from "BB+" to "BBB" and the AT1 instruments rating from "B+" to "BB-". The short-term rating was upgraded from F3 to F2.

The upgrade of mBank's rating was driven by the mitigation of legal risk on foreign currency mortgages, high profitability allowing for organic capital generation and the strengthening of the capital position.

Awards and distinctions received in Q1 2025

In the Mobile Trends Awards, mBank was nominated in the "Mobile Banking" category – for innovations which make everyday finances easier, and in the "Commerce" category – for mOkazje zakupy. In 2024, mBank introduced balance hiding, quick BLIK limit changes and summary of the year to its mobile app, among other features. It also launched a new service mOkazje zakupy, which allows customers to order and pay for products directly in the bank app.

The Warsaw Stock Exchange has awarded the mBank Brokerage Office for above-average activity and special achievements in the capital market. As part of the WSE's Summary of the Stock Market Year 2024, mBank Brokerage received an award in the category "Highest share of client account trading in ETFs in 2024". Additionally mBank received the title of leader in market making on the Treasury BondSpot Poland market.

mBank was recognized in the tenth edition of the "Responsible and Friendly Employer" programme for its exceptional commitment to building a friendly work environment, retirement savings and enhancing financial security of employees. In 2019, mBank began working with Uniqa TFI to implement the PPK program.

In 2025, mBank's Investor Relations team was ranked fourth among WIG30 companies in the Parkiet newspaper's ranking, thanks to the votes of institutional investors and analysts. On a scale of 1 to 6, mBank scored 4.85 points. This distinction confirms Investor Relations' commitment to transparent and effective communication with investors and analysts.

Economy and the banking sector in Q1 2025

Q1 2025 was characterized by moderate inflationary pressure in the economy. Despite concerns about a potential increase in inflation in the early months of the year, caused by the rise in the minimum wage and the increase in excise duty on alcohol and tobacco products, inflation ultimately stabilized slightly below 5% throughout the past quarter. The Bank expects a continuation of the disinflation process over the rest of the year, both in terms of the broad CPI index and core inflation excluding food and energy prices.

However, the inflation stabilization profile will not be linear. While the Bank still expects elevated price growth in the second quarter, base effects in the second half of the year should noticeably lower inflation. As a result, in the third quarter, the Bank forecasts inflation to be within the acceptable deviation band from the NBP's inflation target of 2.5% +/- 1 percentage point. In the short term, lower crude oil prices may additionally support a faster decline in inflation. Over the course of the year, the Bank expects average annual inflation to be below 4%.

The national economy ended 2024 with a decent growth rate of 2.9%. The main driver of GDP growth in the previous year was consumption. At the same time the contribution from investment was only slightly positive. Due to weak foreign demand and a persistent high public sector deficit, the contribution from net exports was negative. The Bank expects that the growth factors will change in 2025. On the one hand the Bank anticipates a significant recovery in investments due to the utilization of EU funds. The initial acceleration of investment expenditure was already visible in the fourth quarter of the last year. On the other hand consumption should again perform relatively well. While the growth of the real wage fund will most likely be lower than in the last year, households should simultaneously be more inclined to spend rather than save. This is an effect of the rebuilding of savings over the past quarters. According to Bank's economists, foreign demand in 2025 will not be strong enough for the contribution from net exports to be positive. For the entire year, the Bank forecasts GDP growth of 3.8%.

Over the first quarter, the Monetary Policy Council did not make any changes to interest rates. Consequently, the reference rate remains at 5.75%. However, the Council's reaction function changed during the April meeting. As a result the probability of interest rate cuts in the coming months has clearly increased. According to Bank's forecasts, the Council will cut interest rates in total by 100 basis points this year.

The zloty's exchange rate was characterized by increased volatility over the first quarter. The Council's previous hawkish rhetoric regarding interest rates favoured the zloty. The situation changed dynamically not only after the Council's communication shift. The second reason for the high volatility of the zloty in recent weeks is the trade policy of the American President Donald Trump. With high probability, this factor will continue to impact the market for a long time.

Since the beginning of the year, the yields on domestic treasury bonds have clearly decreased. The changes were especially visible recently due to the change in the rhetoric of the Monetary Policy. It is worth noting that Polish treasury securities were relatively resistant to strong increases in the yields of German treasury bonds following the announcement of broad fiscal stimulus by the outgoing German government. Over the past weeks, an increase in credit spreads (Asset Swap Spread) could be also observed.

mBank S.A. Group

Consolidated financial report for the first quarter of 2025

Condensed consolidated financial statement of mBank S.A. for the first quarter of 2025

(PLN thousand)

In the coming months, the Bank expects a slightly lower growth of household deposits and a higher growth of corporate deposits. The Bank also forecasts an increasingly rapid growth in loans in both sectors. This will be supported by a good situation in the labour market, the launch of EU funds, and an environment of lower interest rates.

Financial position of mBank Group in Q1 2025**Profit and Loss Account of mBank Group**

mBank Group's profit before tax in Q1 2025 amounted to PLN 989.5 million, while net profit attributable to owners of mBank stood at PLN 572.9 million.

PLN million	Q4 2024	Q1 2025	Change in PLN million	Change in %
Interest income	3 771.0	3 626.4	-144.6	-3.8%
Interest expense	-1 258.1	-1 187.7	70.4	-5.6%
Net interest income	2 512.9	2 438.7	-74.2	-3.0%
Fee and commission income	830.9	823.4	-7.5	-0.9%
Fee and commission expense	-333.6	-320.4	13.3	-4.0%
Net fee and commission income	497.3	503.1	5.8	1.2%
Core income	3 010.2	2 941.8	-68.4	-2.3%
Dividend income	0.1	0.5	0.3	220.5%
Net trading income	45.4	71.9	26.5	58.3%
Other income	14.6	20.3	5.7	39.4%
Other operating income	81.5	106.2	24.7	30.3%
Other operating expenses	-107.3	-110.7	-3.4	3.2%
Total income	3 044.5	3 029.9	-14.6	-0.5%
Net impairment losses and fair value change on loans and advances	-175.0	-165.2	9.8	-5.6%
Costs of legal risk related to foreign currency loans	-932.2	-661.8	270.4	-29.0%
Overhead costs and depreciation	-905.2	-1 026.4	-121.2	13.4%
Operating profit or loss	1 032.1	1 176.6	144.5	14.0%
Taxes on the Group balance sheet items	-194.3	-187.1	7.2	-3.7%
Profit/Loss before income tax	837.7	989.5	151.7	18.1%
Income tax expense	148.3	-283.8	-432.1	-291.4%
Net profit/loss	986.0	705.7	-280.3	-28.4%
- attributable to owners of mBank S.A.	986.0	705.7	-280.3	-28.4%
- non-controlling interests	0.0	0.0	0.0	-
ROA net	1.6%	1.2%		
ROE net	23.8%	15.6%		
ROTE net	27.8%	19.2%		
Cost / Income ratio	29.7%	33.9%		
Net interest margin	4.3%	4.2%		
Common Equity Tier I ratio	14.2% ¹	12.9%		
Tier I capital ratio	15.7% ¹	14.2%		
Total capital ratio	17.0% ¹	15.4%		

¹ Capital ratios recalculated taking into account the retrospective inclusion of the net profit for Q4 2024 in own funds.

Core income – calculated as the sum of net interest income and net fee and commission income.

Other income – calculated as gains or losses from derecognition of financial assets and liabilities not measured at fair value through profit or loss and gains or losses from non-trading equity and debt securities mandatorily measured at fair value through profit or loss.

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Total income – calculated as the sum of net interest income, net fee and commission income, dividend income, net trading income, other income, other operating income and other operating expenses.

Overhead costs and depreciation – calculated as the sum of total overhead costs and depreciation.

Net impairment losses and fair value change on loans and advances – calculated as the sum of impairment or reversal of impairment on financial assets not measured at fair value through profit or loss and gains or losses from non-trading loans and advances mandatorily measured at fair value through profit or loss.

Net ROA – calculated by dividing net profit/loss attributable to the owners of mBank by the average total assets. The average total assets are calculated on the basis of the balances as at the end of each month. Net profit/loss attributable to the owners of mBank is annualised based on the number of days in the analysed period (the annualisation ratio is calculated as the quotient of the number of days in a year and the number of days in the analysed period).

Net ROE – calculated by dividing net profit/loss attributable to the owners of mBank by the average equity (net of the year's results). The average equity is calculated on the basis of the balances as at the end of each month. Net profit/loss attributable to the owners of mBank is annualised based on the number of days in the analysed period (the annualisation ratio is calculated as the quotient of the number of days in a year and the number of days in the analysed period).

Net ROTE – calculated by dividing net profit/loss attributable to Owners of the Bank deducted by the coupon on AT1 bonds by the average tangible equity. The tangible equity is total equity deducted by planned dividend for the current year, intangible assets (including goodwill) and by AT1 instruments. The average tangible equity is calculated on the basis of the balances as at the end of each month. Net profit/loss attributable to the Owners of the Bank deducted by the AT1 coupon is annualised based on the number of days in the analysed period (the annualisation ratio is calculated as the quotient of the number of days in a year and the number of days in the analysed period).

Cost/Income ratio – calculated by dividing overhead costs and depreciation by total income (excluding tax on balance sheet items of the Group).

Net interest margin – calculated by dividing net interest income by average interest earning assets. To calculate the margin, net interest income was calculated excluding the result from the non-substantial modification. Interest earning assets are the sum of cash and cash equivalents, loans and advances to banks, debt securities (in all valuation methods) and loans and advances to clients (net; in all valuation methods). The average interest earning assets are calculated on the basis of the balances as at the end of each month. Net interest income is annualised based on the number of days in the analysed period (the annualisation ratio is calculated as the quotient of the number of days in a year and the number of days in the analysed period).

Income of mBank Group

The total income of mBank Group amounted to PLN 3 029.9 million in Q1 2025, which represents a decrease of 0.5% compared to Q4 2024.

The main source of income of mBank Group in Q1 2025 was **net interest income**, which stood at PLN 2 438.7 million and decreased by 3.0% quarter on quarter.

Interest income was lower by PLN 144.6 million, i.e. 3.8% compared to the previous quarter. Income on loans and advances decreased by PLN 95.9 million, i.e. 3.6% compared to the previous quarter, mainly due to fewer days in the first quarter. Simultaneously, income on investment securities increased by PLN 51.3 million, i.e. 6.7%, due to a change in the portfolio structure and an increase in its average balance during the quarter.

Interest expenses decreased by PLN 70.4 million, i.e. 5.6% compared to the previous quarter, mainly due to fewer days in the first quarter compared to the fourth quarter.

Net interest margin of mBank Group decreased slightly on a quarterly basis and amounted to 4.2% in Q1 2025 in comparison to 4.3% in the previous quarter.

Net fee and commission income was the second largest income line. It increased quarter on quarter by PLN 5.8 million, i.e. 1.2% compared to the previous quarter and amounted to PLN 503.1 million.

Fee and commission income recorded a slight decrease of PLN 7.5 million, i.e. 0.9% compared to the previous quarter. The largest increase was recorded in fees from brokerage activity and debt securities issue, which increased by PLN 10.4 million, i.e. 24.5% quarter on quarter. Payment cards-related fees decreased by PLN 3.6 million, i.e. 1.8% quarter on quarter, while the result (balance of income and costs from this item) increased by PLN 6.5 million. Quarter on quarter, the value of cashless transactions decreased by 5.0%, while the number of cashless transactions decreased by 1.8%. The largest decrease was recorded in commissions from currency transactions, which decreased by PLN 8.9 million, i.e. 7.1%.

Fee and commission expenses in Q1 2025 decreased by PLN 13.3 million, i.e. 4.0% quarter on quarter, mainly due to lower costs of payment card services.

Net trading income increased compared to Q4 2024 by PLN 26.5 million, i.e. 58.3%, and amounted to PLN 71.9 million.

Other income (item containing gains or losses from derecognition of financial assets and liabilities not measured at fair value through profit or loss and gains or losses from equity instruments and debt securities not held for trading mandatorily measured at fair value through profit or loss) increased by PLN 5.7 million compared to the previous quarter, mainly due to the revaluation of companies in which mBank holds shares, including KIR S.A., BIK S.A., and PSP S.A.

The balance of other operating income/expenses amounted to PLN -4.5 million and increased compared to Q4 2024.

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Costs of mBank Group

In Q1 2025, mBank Group continued its efforts to further increase efficiency (measured by the cost-to-income ratio). Total overhead costs of mBank Group (including depreciation) amounted to PLN 1 026.4 million and increased compared to the previous quarter (by PLN 121.2 million, i.e. 13.4%) primarily due to the contribution to the resolution fund. Cost efficiency measured by the cost-to-income ratio was 33.9%.

PLN million	Q4 2024	Q1 2025	Change in PLN million	Change in %
Staff-related expenses	-449.2	-433.9	15.2	-3.4%
Material costs, including:	-265.8	-217.2	48.6	-18.3%
- administration and real estate services costs	-80.1	-85.8	-5.6	7.0%
- IT costs	-71.1	-71.4	-0.3	0.4%
- marketing costs	-65.3	-36.8	28.5	-43.6%
- consulting costs	-42.7	-17.3	25.4	-59.5%
- other material costs	-6.5	-5.9	0.7	-10.0%
Taxes and fees	-12.7	-13.3	-0.6	4.5%
Contributions and transfers to the Bank Guarantee Fund	0.0	-214.9	-214.9	-
Contributions to the Social Benefits Fund	-8.7	-3.6	5.1	-58.9%
Depreciation	-168.8	-143.6	25.3	-15.0%
Total overhead costs and depreciation	-905.2	-1 026.4	-121.2	13.4%
Cost / Income ratio	29.7%	33.9%	-	-
Employment (FTE)	7 569	7 627	57	0.8%

In Q1 2025, staff-related expenses declined on a quarterly basis by PLN 15.2 million, i.e. 3.4%. During the period under review, employment increased by 57 FTEs. The decrease in costs was mainly caused by lower variable items of salaries.

Material costs in Q1 2025 were lower by PLN 48.6 million, i.e. 18.3% on a quarterly basis. In the period under review, marketing and consulting costs mainly declined.

Depreciation decreased by PLN 25.3 million, or 15.0% compared to the previous quarter.

The contributions and transfers to the Bank Guarantee Fund in Q1 2025 amounted to PLN 214.9 million, including the annual mBank's Group contribution to the resolution fund that amounted to PLN 191.5 million.

Cost efficiency measured by the cost-to-income ratio was 33.9% in Q1 2025, compared to 29.7% in Q4 2024. Normalized cost-to-income ratio in Q1 2025 (including ¼ of contribution to the resolution fund) formed at the level of 29.1% compared to 31.0% in the previous quarter.

Net impairment losses and fair value change on loans and advances

In Q1 2025, net impairment and fair value change of loans and advances of mBank Group (calculated as the sum of two items: impairment or reversal of impairment on financial assets not measured at fair value through profit or loss and gains or losses from non-trading loans and advances mandatorily measured at fair value through profit or loss) amounted to PLN -165.2 million. Compared to the previous quarter, it was lower by PLN 9.8 million, i.e. 5.6%.

Impairment or reversal of impairment of financial assets not measured at fair value through profit or loss is related to the part of the portfolio of loans and advances measured at amortized cost. The item "gains or losses on loans and advances not held for trading mandatorily measured at fair value through profit or loss" is related to the credit risk of the portfolio of loans and advances measured with the use of that method.

PLN million	Q4 2024	Q1 2025	Change	PLN million
Retail Banking	-154.1	-143.2	10.9	-7.1%
Corporate and Investment Banking	-64.5	-64.5	0.0	0.0%
FX Mortgage Loans	44.6	47.9	3.4	7.5%
Treasury and Other	-0.9	-5.4	-4.5	491.9%
Total net impairment losses and fair value change on loans and advances	-175.0	-165.2	9.8	-5.6%

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Impairment and change in the fair value of loans and advances in the Retail Banking segment was by PLN 10.9 million lower quarter on quarter and amounted to PLN -143.2 million. Lower cost of risk resulted from the continued good payment discipline of retail customers and positive impact of the sale of non-performing loan portfolio.

The impairment and change in the fair value of loans and advances in the Corporate and Investment Banking segment remained unchanged compared to the previous quarter and amounted to PLN -64.5 million. The quality of the corporate portfolio remains stable.

Cost of legal risk related to foreign currency loans

Cost of legal risk related to foreign currency loans stood at PLN 661.8 million in Q1 2025. The costs result mainly due to, updates to the projected number of lawsuits, and the cost of the settlement program as well as updates remaining model parameters. More information about the method of calculating legal risk costs is provided in Note 33 to this report.

Consolidated statement of financial position

The balance sheet total of mBank Group stood at PLN 246 068.0 million at the end of March 2025 and was higher by 9.8% compared with the end of Q1 2024. The key driver of the dynamic on the asset side was the increase of the volume of loans and advances to customers and investment securities. On the total liabilities and equity side, the key drivers were higher amounts due to customers. On a year-on-year basis the balance sheet total of mBank Group remained unchanged.

The table below presents changes in particular items of mBank Group assets.

Assets of mBank Group

PLN million	31.03.2024	31.12.2024	31.03.2025	QoQ change	YoY change
Cash and cash equivalents	24 535.8	36 680.9	16 722.5	-54.4%	-31.8%
Loans and advances to banks	12 054.8	9 738.5	18 791.8	93.0%	55.9%
Securities held for trading and derivative instruments	2 010.0	1 797.7	2 732.3	52.0%	35.9%
Net loans and advances to customers	116 296.4	121 418.6	127 815.7	5.3%	9.9%
Investment securities	62 230.6	68 993.4	72 147.3	4.6%	15.9%
Intangible assets	1 712.6	1 956.7	2 005.1	2.5%	17.1%
Tangible assets	1 493.1	1 461.8	1 427.5	-2.3%	-4.4%
Other assets	3 823.7	3 909.7	4 425.9	13.2%	15.8%
Total assets	224 157.0	245 957.4	246 068.0	0.0%	9.8%

Net loans and advances to clients – sum of loans and advances at amortised cost, non-trading loans and advances to customers mandatorily at fair value through profit or loss and loans and advances classified as assets held for trading.

Investment securities – sum of financial assets at fair value through other comprehensive income, debt securities at amortised cost and non-trading debt securities and equity instruments mandatorily at fair value through profit or loss.

Other assets – the sum of fair value changes of the hedged items in portfolio hedge of interest rate risk, non-current assets and disposal groups classified as held for sale, investment property, current income tax assets, deferred income tax assets and other assets.

At the end of Q1 2025, net loans and advances to customers were the largest asset category of mBank Group. Their share in total assets increased to 51.9% compared with 49.4% at the end of 2024 and remained unchanged against end of Q1 2024. The volume of net loans and advances to customers (a total of loans and advances measured at amortised cost, loans and advances mandatorily measured at fair value through profit or loss, and loans and advances classified as assets held for trading) amounted to PLN 127 815.7 million at the end of Q1 2025. Compared with the end of 2024 the volume of net loans and advances to customers increased by PLN 6 397.1 million, i.e. 5.3%, while against end of Q1 2024 it increased by PLN 11 519.3 million, i.e. 9.9%. The key driver of the dynamics on a quarterly basis was the increase in the volume of loans to corporate clients. In annual terms, the volume of net loans and advances significantly increased, both in the individual and corporate client segments.

Gross loans to corporate entities increased on a quarterly basis to PLN 59 745.0 million, i.e. by PLN 5 493.9 million or by 10.1% quarter on quarter. On an annual basis, loans to corporate entities increased by PLN 6 546.2 million or by 12.3% year on year. Net of reverse repo/buy-sell-back transactions and the FX effect, loans and advances to corporate entities increased by 4.9% quarter on quarter and by 8.1% on annual basis.

The sales of loans to corporate entities increased by 14.6% quarter on quarter, and by 33.9% year on year and amounted to PLN 12 772.5 million (including new sales, limit increases, and renewals). The predominant sales in Q1 2025 was new sale of loans. Its share in total sales was at 52.5%. New sale of

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loans noted the largest increase of volumes both on a quarterly basis and on annual basis (increased by 37.5% and 39.7% respectively), as a result of both the Bank's attractive offer and the high market demand. Sale of loans to K2 clients segment was the largest. In the K2 and K3 segments (medium and small enterprises) the sales increased, while in the K1 segment (large enterprises) a decrease was noted, which results from high comparative base recorded in Q4 2024. The greatest demand was observed in structured finance loans, where the volumes increased by 70.7% quarter on quarter and by 43.6% year on year, due to financing granted by mBank mainly to renewable energy sources (RES) investments.

The volume of gross loans to individuals increased against the end of 2024 by PLN 957.1 million or by 1.4% and amounted to PLN 71 546.1 million. Year on year, the volume of loans to individuals increased by PLN 4 912.1 million, i.e. by 7.4%. Gross mortgage and housing loans to individuals increased by 0.6% compared to the previous quarter, and by 7.0% year on year. The dynamics was negatively impacted by the update of cash flow estimates related to CHF mortgage loans and the reduction of their gross carrying amount in accordance with IFRS 9, the Polish zloty appreciation against main foreign currencies, partial sale of non-performing portfolio, and positively affected by materially increased sales of non-mortgage loans.

The sales of non-mortgage loans in Q1 2025 reached PLN 3 359.2 million, representing an increase by 15.1% compared with Q4 2024 and an increase by 22.1% compared with Q1 2024. Increase of sales volumes of non-mortgage loans was noted in Poland and in foreign branches on both quarterly and annual basis. In annual terms, foreign branches noted a particularly high increase of sales volumes of non-mortgage loans (by 57.9%). At the turn of Q2 and Q3 2024, European Central Bank's began a series of interest rate cuts after a period of highest interest rates in more than two decades, which took effect since H2 2022. The decline in interest rates of the European Central Bank and the Czech National Bank translated into more attractive interest rates on loans offered by mBank in the Czech Republic and Slovakia.

In Q1 2025, mBank Group sold PLN 2 489.5 million of mortgage loans. The volume of mortgage loans was lower by 5.2% quarter on quarter, and higher by 5.9% year on year. The increase in new sales of mortgage loans was generated by the foreign branches of mBank.

Net of FX effect, loans to individuals increased by 1.6% quarter on quarter and by 7.7% year on year. Excluding the FX Mortgage Loans segment, loans to individuals increased by 2.5% quarter to quarter and by 11.0% year on year.

At the end of Q1 2025, gross loans and advances to the public sector amounted to PLN 142.8 million, a decrease by PLN 2.1 million, i.e. 1.4% quarter on quarter, and by PLN 25.3 million, i.e. 15.1% year on year.

Investment securities were the second largest asset category at the end of Q1 2025. They stood at PLN 72 147.3 million. On a quarterly basis, investment securities increased by PLN 3 153.8 million, i.e. 4.6%, while on the annual basis, investment securities increased by PLN 9 916.6 million, i.e. 15.9%. The increase is associated with the allocation of liquidity surpluses into treasury bonds. Investment securities accounted for 29.3% of total assets at the end of Q1 2025, compared with 28.1% at the end of 2024 and 27.8% at the end of Q1 2024.

Cash and cash equivalents amounted to PLN 16 722.5 million at the end of Q1 2025. They decreased by PLN 19 958.5 million, i.e. 54.4% quarter on quarter, and by PLN 7 813.4 million, i.e. 31.8% year on year. The decrease resulted from lower volume of current account funds held by mBank in the central banks and lower over-night deposits.

Loans and advances to banks amounted to PLN 18 791.8 million. They increased on a quarterly basis by PLN 9 053.4 million, i.e. 93.0%, and by PLN 6 737.0 million, i.e. 55.9% on an annual basis. The increase was mainly driven by an increase in the value of reverse repo / buy-sell back transactions.

mBank Group's total liabilities and equity

Changes in the Group's liabilities and equity are presented in the table below:

PLN million	31.03.2024	31.12.2024	31.03.2025	QoQ change	YoY change
Amounts due to other banks	3 273.5	3 059.4	2 969.1	-3.0%	-9.3%
Amounts due to customers	183 067.3	200 809.0	200 616.9	-0.1%	9.6%
Liabilities from debt securities in issue	10 663.3	12 130.3	10 728.1	-11.6%	0.6%
Subordinated liabilities	2 645.7	2 675.5	1 875.3	-29.9%	-29.1%
Other liabilities	10 438.1	9 516.1	11 329.8	19.1%	8.5%
Total Liabilities	210 087.8	228 190.4	227 519.2	-0.3%	8.3%
Total Equity	14 069.2	17 767.0	18 548.7	4.4%	31.8%
Total Liabilities and Equity	224 157.0	245 957.4	246 068.0	0.0%	9.8%

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Other liabilities – the sum of financial liabilities held for trading and derivatives held for hedges, lease liabilities measured at amortised cost, fair value changes of the hedged items in portfolio hedge of interest rate risk, liabilities held for sale, provisions, current income tax liabilities, deferred income tax liabilities and other liabilities.

In Q1 2025, amounts due to customers, which are mBank Group's principal source of funding, slightly decreased by PLN 192.0 million or 0.1%, quarter on quarter to PLN 200 616.9 million. The change on a quarterly basis was attributable on the one hand to the increase of the amounts due to individual clients, and on the other hand, decrease of the amounts due to corporate clients. On an annual basis the amounts due to customers increased by PLN 17 549.7 million, i.e. 9.6%. The increase in annual terms was driven mainly by the increase of amounts due to individual clients. The share of amounts due to customers in total liabilities and equity reached 81.5% and slightly decreased compared with the end of 2024 (81.6%), it was also lower compared to the end of first quarter of 2024 (81.7%).

Amounts due to individual customers increased by PLN 2 153.9 million or 1.5% on a quarterly basis and reached PLN 144 401.5 million at the end of Q1 2025. In annual terms, amounts due to individual customers increased by PLN 15 133.1 million, i.e. 11.7%. In relation to the end of 2024, funds on current accounts increased by PLN 2 191.9 million, i.e. 1.9%. In the same period the term deposits decreased by PLN 75.7 million, i.e. 0.3%. On an annual basis, current accounts grew by PLN 14 854.7 million, i.e. 14.2%, while term deposits increased by PLN 255.5 million, i.e. 1.0%.

Amounts due to corporate customers decreased by PLN 2 379.2 million, i.e. 4.1% in the first quarter of 2025 and amounted to PLN 55 340.7 million. The change was impacted by seasonal liquidity surpluses of the enterprises in winter and resulting high comparative base effects. Compared with end of Q1 2025, amounts due to corporate clients increased by PLN 2 479.9 million, i.e. 4.7%. On a quarterly basis, the Bank noted the decrease of current accounts and increase of term deposits. Current account funds decreased by PLN 3 783.8 million, i.e. 8.5%, while term deposits increased by PLN 1 136.3 million, i.e. 10.1% against end of 2024. On annual terms, current account funds increased by PLN 2 317.4 million, i.e. 6.0%, while term deposits increased by PLN 728.7 million, i.e. 6.2%.

Amounts due to the public sector stood at PLN 874.7 million at the end of Q1 2025. Compared with the end of 2024 their volume increased by PLN 33.3 million, i.e. 4.0%. On annual basis, the amounts due to public sector were lower by PLN 63.3 million, i.e. 6.7%.

Another important liabilities and equity category (4.4%) constituted liabilities from debt securities in issue. This item decreased on a quarterly basis by PLN 1 402.2 million, i.e. 11.6%, to the level of PLN 10 728.1 million, as a result of redemption of maturing mortgage bonds by mBank Hipoteczny and the appreciation of the zloty. On an annual basis, debt securities in issue were slightly higher by PLN 64.8 million, i.e. 0.6%.

Amounts due to other banks stood at PLN 2 969.1 million at the end of Q1 2025, accounting for 1.2% of total liabilities and equity of mBank Group. Compared with the end of 2024, this category went down by PLN 90.3 million or 3.0%. In comparison to the end of Q1 2024, amounts due to other banks decreased by PLN 304.3 million, i.e. 9.3%.

Subordinated liabilities amounted to PLN 1 875.3 million and decreased by PLN 800.3 million, i.e. 29.9% quarter on quarter and by PLN 770.5 million, i.e. 29.1% year on year. The decrease resulted from redemption of subordinated bonds at maturity.

Total equity at the end of Q1 2025 amounted to PLN 18 548.7 million, representing an increase by 4.4% compared with the end of 2024, and increase by 31.8% compared with the end of Q1 2024. The share of equity in total liabilities and equity of mBank Group grew to 7.5%, while in the previous periods it stood at 7.2% at the end of 2024 and 6.3% as of the end of Q1 2024. The total equity was positively influenced mainly by the increase of retained earnings by PLN 709.0 million, i.e. 5.5% on a quarterly basis, and by PLN 2 690.6 million, i.e. 24.7% on an annual basis.

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Quality of the loan portfolio of mBank Group

As at 31 March 2025, the amount of non-performing receivables decreased compared with end of 2024 (-1.6% quarter on quarter). At the same time, performing receivables increased by 5.4% quarter on quarter. The NPL ratio lowered against end of 2024 and amounted to 3.8%.

The coverage ratio of non-performing receivables increased on a quarterly basis and amounted to 52.6%. The coverage ratio of non-performing receivables including impairment of performing loans increased compared to the end of 2024 and amounted to 73.5%.

PLN million	31.12.2024	31.03.2025	QoQ change
Impairment of non-performing receivables	-2 601.9	-2 635.5	1.3%
Impairment of performing receivables	-1 034.7	-1 048.6	1.3%
Total impairment	-3 636.6	-3 684.1	1.3%
Non-performing receivables	5 093.0	5 013.3	-1.6%
Performing receivables	119 963.3	126 486.3	5.4%
NPL ratio	4.1%	3.8%	
Coverage ratio of non-performing receivables	51.1%	52.6%	
Coverage ratio of non-performing receivables including impairment of performing receivables	71.4%	73.5%	

Impairment of non-performing receivables – accumulated impairment of loans and advances at amortised cost with impairment (stage 3 and POCI) and fair value change of loans and advances mandatorily at fair value through profit or loss in default.

Impairment of performing receivables – accumulated impairment of loans and advances at amortised cost without impairment (stage 1 and 2) and fair value change of non-default loans and advances mandatorily at fair value through profit or loss.

Non-performing receivables - loans and advances at amortised cost with impairment (stage 3 and POCI) and loans and advances mandatorily at fair value through profit or loss in default.

Performing receivables - loans and advances at amortised cost without impairment (stage 1 and 2) and non-default loans and advances mandatorily at fair value through profit or loss.

NPL ratio – loans and advances at amortised cost with impairment (stage 3 and POCI) and loans and advances mandatorily at fair value through profit or loss in default in total loans and advances.

Coverage ratio of non-performing receivables – impairment of non-performing receivables in non-performing receivables.

Coverage ratio of non-performing receivables including impairment of performing receivables – sum of impairment of non-performing receivables and impairment of performing receivables in non-performing receivables.

Performance of segments and the business lines

The table below presents the contribution of individual business lines to the Group's profit before tax:

PLN million	Q4 2024	Q1 2025	QoQ change
Retail Banking	1 075.8	1 026.1	-4.6%
Corporate and Investment Banking	645.6	580.4	-10.1%
Treasury and Others	193.7	47.0	-75.7%
Profit/loss before tax of core business	1 915.1	1 653.6	-13.7%
FX Mortgage Loans	-901.5	-664.1	-26.3%
Profit/loss before tax of mBank Group	1 013.6	989.5	-2.4%

Retail Banking

mBank's Retail Banking segment serves 5 782 thousand individual clients and microenterprises in Poland, the Czech Republic and Slovakia online, directly through the call centre, via mobile banking and other state-of-the-art technological solutions, as well as in a network of 352 branches. The Bank offers a broad range of products and services including current and savings accounts, accounts for microenterprises, credit products, deposit products, payment cards, investment products, insurance products, brokerage services, and leasing for microenterprises.



Key highlights

- Total revenue at historically high level, slight quarterly decline by 2.3%.
- Increase in non-mortgage loan sales by 15.1% quarterly and 22.1% annually, to a record high level of PLN 3 359.2 million, translating into rise of the market share in the non-mortgage loans by 0.1 p.p. QoQ to 6.8%.
- Increase in mortgage loan sales to the level of PLN 2 489.5 million (5.9% year on year).
- Growth of the volume of retail deposits by 1.5% quarterly and 11.7% annually in Poland and foreign branches, along an increase in current account balances.
- Increase in the number of mBank's clients by 67.3 thousand quarter on quarter and 88.7 thousand year on year to 5 781.8 thousand people.
- Increase in the number of mBank's mobile application users in Poland and in foreign branches by 67.7 thousand quarterly to 3 909.3 thousand people, along increase in PFM (PFM – Personal Finance Management) functionalities users by 50.7 thousand quarter on quarter to 1 971.7 thousand people.
- Further development of mBank's mobile application and internet platform, providing clients with even greater convenience: personalization of shortcuts in the app facilitates navigation and management of finance, as well as increases accessibility to additional services, while the design of the Bank's new website is modern, intuitive and simple for mobile users, and meets WCAG 2.2 (Web Content Accessibility Guidelines), the highest standards of accessibility.
- Expansion of payment methods on the „mOkazje zakupy” purchasing platform available directly in mBank's mobile application, launched in cooperation with Morele. The deferred payment service offers interest-free loan for a period of 30 days. If the amount for purchases is not repaid within 30 days, mBank automatically takes it from the client's bank account. The interest of clients is high, the service had more than 5 million visits in Q1 2025.
- mBank's Brokerage Bureau achieved over 30% market share in trading futures contracts on the Warsaw Stock Exchange for the first time, confirming its position as a market leader.
- mBank played for the eighth time with The Great Orchestra of Christmas Charity (WOŚP) as the main partner and sponsor. A special heart icon appeared in the app, facilitating the donations to the WOŚP Foundation for the retail clients. For each click, mBank donated an additional PLN 1 to the Foundation. In addition mBank prepared traditional and digital collectible payment cards with WOŚP-inspired motifs.

mBank S.A. Group

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(PLN thousand)

Key financial data:

PLN million	Q4 2024	Q1 2025	Change in PLN million	Change in %
Net interest income	1 650.7	1 634.6	-16.1	-1.0%
Net fee and commission income	261.8	244.0	-17.8	-6.8%
Net trading income	35.5	30.0	-5.5	-15.5%
Other income	19.7	13.2	-6.5	-33.0%
Net other operating income	-21.2	-19.6	1.6	-7.8%
Total income	1 946.5	1 902.2	-44.2	-2.3%
Net impairment losses and fair value change on loans and advances	-154.1	-143.2	10.9	-7.1%
Overhead costs and depreciation	-591.5	-613.2	-21.6	3.7%
Taxes on Group balance sheet items	-125.0	-119.8	5.3	-4.2%
Profit/loss before tax of Retail Banking	1 075.8	1 026.1	-49.7	-4.6%

Other income – calculated as gains or losses from derecognition of financial assets and liabilities not measured at fair value through profit or loss and gains or losses from non-trading equity and debt securities mandatorily measured at fair value through profit or loss.

Total income - calculated as the sum of net interest income, net fee and commission income, dividend income, net trading income, other income, other operating income and other operating expenses.

Net impairment losses and fair value change on loans and advances – the sum of impairment or reversal of impairment on financial assets not measured at fair value through profit or loss and gains or losses from non-trading loans and advances mandatorily measured at fair value through profit or loss.

Total overhead costs (including depreciation) - calculated as the sum of total overhead costs and depreciation.

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(PLN thousand)

Key business data (mBank and mBank Hipoteczny only)

thousands	31.03.2024	31.12.2024	31.03.2025	QoQ change	YoY change
Number of retail clients, including:	5 693.1	5 714.5	5 781.8	1.2%	1.6%
Poland	4 592.8	4 598.9	4 644.1	1.0%	1.1%
Foreign branches	1 100.3	1 115.6	1 137.7	2.0%	3.4%
<i>The Czech Republic</i>	775.1	791.8	798.9	0.9%	3.1%
<i>Slovakia</i>	325.2	323.8	338.8	4.6%	4.2%
Mobile application users	3 710.5	3 841.7	3 909.3	1.8%	5.4%
<i>Poland</i>	3 229.3	3 330.2	3 376.8	1.4%	4.6%
<i>Foreign branches</i>	481.1	511.5	532.5	4.1%	10.7%
PLN million					
Loans to retail clients, including:	66 697.3	70 925.1	71 491.8	0.8%	7.2%
Poland	57 971.7	61 858.9	62 312.6	0.7%	7.5%
<i>mortgage loans</i>	39 312.9	42 327.8	42 261.5	-0.2%	7.5%
<i>non-mortgage loans</i>	18 658.9	19 531.1	20 051.1	2.7%	7.5%
Foreign branches	8 725.5	9 066.3	9 179.1	1.2%	5.2%
<i>The Czech Republic</i>	5 828.7	6 019.9	6 142.4	2.0%	5.4%
<i>Slovakia</i>	2 896.9	3 046.4	3 036.7	-0.3%	4.8%
Deposits of retail clients, including:	129 102.1	142 107.4	144 205.0	1.5%	11.7%
Poland	113 723.3	125 074.3	127 153.5	1.7%	11.8%
Foreign branches	15 378.8	17 033.0	17 051.4	0.1%	10.9%
<i>The Czech Republic</i>	11 109.6	12 708.5	12 775.5	0.5%	15.0%
<i>Slovakia</i>	4 269.2	4 324.5	4 276.0	-1.1%	0.2%
Investment assets of mBank's individual clients	24 240.2	27 478.2	29 231.9	6.4%	20.6%
thousands					
Credit cards, including:	364.6	362.0	361.9	0.0%	-0.8%
<i>Poland</i>	329.5	326.7	326.5	-0.1%	-0.9%
<i>Foreign branches</i>	35.2	35.3	35.4	0.2%	0.6%
Debit cards, including:	5 286.6	5 421.8	5 479.8	1.1%	3.7%
<i>Poland</i>	4 427.1	4 515.6	4 554.6	0.9%	2.9%
<i>Foreign branches</i>	859.5	906.2	925.1	2.1%	7.6%

Corporate and Investment Banking

The Corporate and Investment Banking segment serves 36 516 corporate clients including large enterprises (K1 - annual sales exceeding PLN 1 billion and non-banking financial institutions), mid-sized enterprises (K2 - annual sales of PLN 50 million – 1 billion) and small enterprises (K3 - annual sales below PLN 50 million), through a network of dedicated 43 branches. mBank Group's offer of products and services for corporate clients focuses on traditional banking products and services (including corporate accounts, domestic and international money transfers, payment cards, cash services, and liquidity management products), corporate finance products, hedging instruments, equity capital market (ECM) services, debt capital market (DCM) instruments, mergers and acquisitions (M&A), leasing and factoring.



Key highlights

- Revenue levels remained stable compared to the previous quarter (increased by 1.2%), driven by higher net fee and commission income (8.8%) and the result of trading activities (11.2%), despite slightly lower net interest income (-3.1%).
- Record corporate loan sales (PLN 12 772.5 million, i.e. an increase of 14.6% quarterly and an increase of 33.9% annually), translated into an increase in the corporate portfolio by 5.1% (excluding reverse repo / buy sell back transactions). mBank's market share in corporate loans grew by 0.3 p.p. QoQ to 8.4%.
- Volume of corporate deposits increased by 5.7% year on year, which allowed the Bank to increase its market share in corporate deposits by 0.1 p.p. QoQ to the level of 5.9 %.
- Increase in the number of corporate customers by 393 companies quarterly and by 1 404 companies annually, especially in the K3 and K2 segment, through the development of digital and mobile services for corporate clients and e-commerce support.
- As part of the consortium, mBank has provided Solaris Bus & Coach with Sustainability Linked Loans (SLL) and guarantee limits. The total financing amounted to EUR 700 million, of which mBank's share is at EUR 114 million. mBank acted as the coordinator of sustainable financing in this transaction, tasked with supporting the company in developing sustainability goals and defining ambitions for their realization over time, as well as ensuring compliance with the standards described in the Sustainability Linked Loan Principles (SLLPs).
- In Q1 2025, mBank prepared an offer for financing transformations aimed at enhancing energy efficiency for businesses. This offer is specifically designed for companies within the K2 segment that have committed to a transformation path to reduce their carbon footprint emissions. The transformation financing complements existing Sustainability Linked Loans (SLL) and renewable energy project financing.
- mBank for the eighth time, as the strategic partner and sponsor, played with The Great Orchestra of Christmas Charity (WOŚP). This year, the WOŚP Foundation collected money to support and equip paediatric oncology and haematology departments. For corporate clients, mBank has prepared a promotion called "In the Rhythm of WOŚP 2025." mBank will donate fees for newly opened accounts and WOŚP cards (cards that were opened from January 2025 to the end of February 2025) to the WOŚP Foundation. These fees will come from a period of January to June this year.

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Key financial data**Corporate and Investment Banking**

PLN million	Q4 2024	Q1 2025	Change in PLN million	Change in %
Net interest income	740.4	717.3	-23.1	-3.1%
Net fee and commission income	257.8	280.4	22.6	8.8%
Net trading income	59.1	65.7	6.6	11.2%
Other income	-2.9	0.8	3.7	+/-
Net other operating income	11.9	14.5	2.6	21.7%
Total income	1 066.3	1 078.6	12.3	1.2%
Net impairment losses and fair value change on loans and advances	-64.5	-64.5	0.0	0.0%
Overhead costs and depreciation	-293.3	-373.1	-79.8	27.2%
Taxes on Group balance sheet items	-62.8	-60.5	2.3	-3.7%
Profit/loss before tax of Corporate and Investment Banking	645.6	580.4	-65.2	-10.1%

Other income – calculated as gains or losses from derecognition of financial assets and liabilities not measured at fair value through profit or loss and gains or losses from non-trading equity and debt securities mandatorily measured at fair value through profit or loss.

Total income - calculated as the sum of net interest income, net fee and commission income, dividend income, net trading income, other income, other operating income and other operating expenses.

Net impairment losses and fair value change on loans and advances – the sum of impairment or reversal of impairment on financial assets not measured at fair value through profit or loss and gains or losses from non-trading loans and advances mandatorily measured at fair value through profit or loss.

Total overhead costs (including depreciation) - calculated as the sum of total overhead costs and depreciation.

Key business data (Bank only)

	31.03.2024	31.12.2024	31.03.2025	QoQ change	YoY change
Number of corporate clients, including:	35 112	36 123	36 516	1.1%	4.0%
K1	2 401	2 436	2 395	-1.7%	-0.2%
K2	10 785	11 029	11 225	1.8%	4.1%
K3	21 926	22 658	22 896	1.1%	4.4%
PLN million					
Loans to corporate clients, including:	34 731.2	35 625.8	40 702.5	14.3%	17.2%
K1	6 887.8	7 396.7	7 621.8	3.0%	10.7%
K2	23 695.9	24 340.1	25 705.8	5.6%	8.5%
K3	2 663.9	2 859.5	3 028.4	5.9%	13.7%
Reverse repo/buy-sell back transactions	1 483.5	1 029.5	4 346.5	322.2%	193.0%
Deposits of corporate clients, including:	52 109.0	57 494.3	55 081.2	-4.2%	5.7%
K1	13 336.6	14 421.2	13 577.6	-5.8%	1.8%
K2	24 984.8	27 317.4	26 216.9	-4.0%	4.9%
K3	12 709.7	14 825.4	14 105.3	-4.9%	11.0%
Repo / sell-buy-back transactions	1 077.8	930.3	1 181.4	27.0%	9.6%

Summary of results of mBank Group's subsidiaries

In Q1 2025, the profit before tax generated by mBank Group subsidiaries amounted to PLN 71.2 million. It was lower by PLN 19.4 million, i.e. 21.4% against Q4 2024. The lower result was mainly influenced by lower profit before tax of mLeasing after the subsidiary achieved high results, as well as due to the loss incurred by mFaktoring.

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The table below presents the profit or loss before tax by individual subsidiaries.

PLN million	Q4 2024	Q1 2025	Change in %
mFinanse ¹	0.5	9.0	1 702.6%
mBank Hipoteczny	3.8	5.9	54.1%
mLeasing ²	73.2	56.7	-22.5%
mFaktoring	5.9	-5.3	-/+
mTFI	3.0	2.2	-28.7%
Other ³	4.2	2.8	-34.2%
Total	90.6	71.2	-21.4%

¹ Including mFinanse CZ and mFinanse SK.² Including LeaseLink and Asekum.³ Other subsidiaries include Future Tech, mElements and mZakupy.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF MBANK S.A. GROUP FOR THE FIRST QUARTER OF 2025

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	1st quarter (current year) period from 01.01.2025 to 31.03.2025	1st quarter (previous year) period from 01.01.2024 to 31.03.2024
Interest income, including:	5	3 626 425	3 561 177
<i>Interest income accounted for using the effective interest method</i>		3 582 654	3 501 059
<i>Income similar to interest on financial assets at fair value through profit or loss</i>		43 771	60 118
Interest expenses	5	(1 187 709)	(1 221 095)
Net interest income		2 438 716	2 340 082
Fee and commission income	6	823 439	768 174
Fee and commission expenses	6	(320 353)	(284 047)
Net fee and commission income		503 086	484 127
Dividend income	7	468	2 995
Net trading income	8	71 861	53 281
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss	9	18 700	14 842
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	10	981	6 659
Other operating income	11	106 221	77 301
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	12	(164 544)	(47 918)
Costs of legal risk related to foreign currency loans	33	(661 769)	(1 370 563)
Overhead costs	13	(882 836)	(752 429)
Depreciation		(143 553)	(136 450)
Other operating expenses	14	(110 748)	(57 310)
Operating profit		1 176 583	614 617
Taxes on the Group balance sheet items		(187 123)	(181 911)
Profit before income tax		989 460	432 706
Income tax expense	28	(283 789)	(170 140)
Net profit		705 671	262 566
Net profit attributable to:			
- owners of mBank S.A.		705 671	262 523
- non-controlling interests		-	43
Earnings per share (in PLN)	15	16.61	6.18
Diluted earnings per share (in PLN)	15	16.58	6.17

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(PLN thousand)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	1st quarter (current year) period from 01.01.2025 to 31.03.2025	1st quarter (previous year) period from 01.01.2024 to 31.03.2024
Net profit	705 671	262 566
Other comprehensive income net of tax, including:	72 782	65 917
Items that may be reclassified subsequently to the income statement	72 782	65 917
Exchange differences on translation of foreign operations (net)	25	(1 737)
Cash flows hedges (net)	37 355	34 459
Cost of hedge (net)	(679)	(3 382)
Change in valuation of debt instruments at fair value through other comprehensive income (net)	36 081	36 577
Total comprehensive income (net)	778 453	328 483
Total comprehensive income (net), attributable to:		
- Owners of mBank S.A.	778 453	328 440
- Non-controlling interests	-	43

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Note	31.03.2025	31.12.2024
Cash and cash equivalents		16 722 455	36 680 926
Financial assets held for trading and hedging derivatives	16	2 776 212	1 840 714
Non-trading financial assets mandatorily at fair value through profit or loss, including:	17	803 634	925 786
<i>Equity instruments</i>		306 741	407 732
<i>Debt securities</i>		32 604	31 204
<i>Loans and advances to customers</i>		464 289	486 850
Financial assets at fair value through other comprehensive income - Debt securities	18	31 699 082	34 588 843
Financial assets at amortised cost, including:	19	186 208 083	164 592 877
<i>Debt securities</i>		40 108 843	33 965 644
<i>Loans and advances to banks</i>		18 791 826	9 738 457
<i>Loans and advances to customers</i>		127 307 414	120 888 776
Fair value changes of the hedged items in portfolio hedge of interest rate risk		18 394	16 891
Non-current assets and disposal groups classified as held for sale	20	121 952	102 810
Intangible assets	21	2 005 116	1 956 693
Tangible assets	22	1 427 484	1 461 811
Current income tax assets		300 098	59 655
Deferred income tax assets	28	1 154 029	1 364 017
Other assets	24	2 831 428	2 366 340
TOTAL ASSETS		246 067 967	245 957 363
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities held for trading and hedging derivatives	16	1 729 580	1 094 037
Financial liabilities measured at amortised cost, including:	25	216 913 171	219 411 062
<i>Amounts due to banks</i>		2 969 133	3 059 431
<i>Amounts due to customers</i>		200 616 936	200 808 978
<i>Lease liabilities</i>		723 721	736 780
<i>Debt securities issued</i>		10 728 103	12 130 336
<i>Subordinated liabilities</i>		1 875 278	2 675 537
Fair value changes of the hedged items in portfolio hedge of interest rate risk		(186 610)	(393 568)
Liabilities classified as held for sale	20	30 025	30 940
Provisions	27	2 703 655	3 277 171
Current income tax liabilities		73 488	238 277
Other liabilities	26	6 255 921	4 532 450
TOTAL LIABILITIES		227 519 230	228 190 369
EQUITY			
Equity attributable to Owners of mBank S.A.		17 048 737	16 266 994
Share capital:		3 625 801	3 625 801
Registered share capital		169 988	169 988
Share premium		3 455 813	3 455 813
Retained earnings, including:	29	13 606 440	12 897 479
- Profit from the previous years		12 900 769	10 654 234
- Profit for the current year		705 671	2 243 245
Other components of equity	30	(183 504)	(256 286)
Additional equity components	31	1 500 000	1 500 000
TOTAL EQUITY		18 548 737	17 766 994
TOTAL LIABILITIES AND EQUITY		246 067 967	245 957 363

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Changes in equity from 1 January to 31 March 2025

	Share capital		Retained earnings		Other components of equity	Equity attributable to Owners of mBank S.A.	Additional equity components	Non-controlling interests	Total equity
	Registered share capital	Share premium	Profit from the previous years	Profit/loss for the current year					
Equity as at 1 January 2025	169 988	3 455 813	10 654 234	2 243 245	(256 286)	16 266 994	1 500 000	-	17 766 994
Transfer of profit/loss from previous year	-	-	2 243 245	(2 243 245)	-	-	-	-	-
Total comprehensive income	-	-	-	705 671	72 782	778 453	-	-	778 453
Net profit for the current year	-	-	-	705 671	-	705 671	-	-	705 671
Other comprehensive income	-	-	-	-	72 782	72 782	-	-	72 782
Exchange differences on translation of foreign operations (net)	-	-	-	-	25	25	-	-	25
Cash flows hedges (net)	-	-	-	-	37 355	37 355	-	-	37 355
Cost of hedge (net)	-	-	-	-	(679)	(679)	-	-	(679)
Change in valuation of debt instruments at fair value through other comprehensive income (net)	-	-	-	-	36 081	36 081	-	-	36 081
Changes regarding transactions with Owners of mBank S.A.	-	-	3 290	-	-	3 290	-	-	3 290
Value of services provided by the employees	-	-	3 290	-	-	3 290	-	-	3 290
Equity as at 31 March 2025	169 988	3 455 813	12 900 769	705 671	(183 504)	17 048 737	1 500 000	-	18 548 737

Changes in equity from 1 January to 31 December 2024

	Share capital		Retained earnings		Other components of equity	Equity attributable to Owners of mBank S.A.	Additional equity components	Non-controlling interests	Total equity
	Registered share capital	Share premium	Profit from the previous years	Profit/loss for the current year					
Equity as at 1 January 2024	169 861	3 446 324	10 625 476	24 054	(530 528)	13 735 187	-	2 039	13 737 226
Transfer of profit/loss from previous year	-	-	24 054	(24 054)	-	-	-	-	-
Total comprehensive income	-	-	-	2 243 245	274 242	2 517 487	-	123	2 517 610
Net profit for the current year	-	-	-	2 243 245	-	2 243 245	-	123	2 243 368
Other comprehensive income	-	-	-	-	274 242	274 242	-	-	274 242
Exchange differences on translation of foreign operations (net)	-	-	-	-	(5 820)	(5 820)	-	-	(5 820)
Cash flows hedges (net)	-	-	-	-	192 606	192 606	-	-	192 606
Cost of hedge (net)	-	-	-	-	(7 012)	(7 012)	-	-	(7 012)
Change in valuation of debt instruments at fair value through other comprehensive income (net)	-	-	-	-	102 844	102 844	-	-	102 844
Actuarial gains and losses relating to post-employment benefits (net)	-	-	-	-	(8 376)	(8 376)	-	-	(8 376)
Changes regarding transactions with Owners of mBank S.A.	127	9 489	4 704	-	-	14 320	-	-	14 320
Issuance of ordinary shares	127	-	-	-	-	127	-	-	127
Value of services provided by the employees	-	-	14 193	-	-	14 193	-	-	14 193
Settlement of exercised options	-	9 489	(9 489)	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	1 500 000	(2 162)	1 497 838
Issue of AT1 equity	-	-	-	-	-	-	1 500 000	-	1 500 000
Other increases and decreases of equity	-	-	-	-	-	-	-	(2 162)	(2 162)
Equity as at 31 December 2024	169 988	3 455 813	10 654 234	2 243 245	(256 286)	16 266 994	1 500 000	-	17 766 994

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Changes in equity from 1 January to 31 March 2024

	Share capital		Retained earnings		Other components of equity	Equity attributable to Owners of mBank S.A.	Additional equity components	Non-controlling interests	Total equity
	Registered share capital	Share premium	Profit from the previous years	Profit/loss for the current year					
Equity as at 1 January 2024	169 861	3 446 324	10 625 476	24 054	(530 528)	13 735 187	-	2 039	13 737 226
Transfer of profit/loss from previous year	-	-	24 054	(24 054)	-	-	-	-	-
Total comprehensive income	-	-	-	262 523	65 917	328 440	-	43	328 483
Net profit for the current year	-	-	-	262 523	-	262 523	-	43	262 566
Other comprehensive income	-	-	-	-	65 917	65 917	-	-	65 917
Exchange differences on translation of foreign operations (net)	-	-	-	-	(1 737)	(1 737)	-	-	(1 737)
Cash flows hedges (net)	-	-	-	-	34 459	34 459	-	-	34 459
Cost of hedge (net)	-	-	-	-	(3 382)	(3 382)	-	-	(3 382)
Change in valuation of debt instruments at fair value through other comprehensive income (net)	-	-	-	-	36 577	36 577	-	-	36 577
Changes regarding transactions with Owners of mBank S.A.	-	-	3 460	-	-	3 460	-	-	3 460
Value of services provided by the employees	-	-	3 460	-	-	3 460	-	-	3 460
Other changes	-	-	-	-	-	-	-	1	1
Other increases and decreases of equity	-	-	-	-	-	-	-	1	1
Equity as at 31 March 2024	169 861	3 446 324	10 652 990	262 523	(464 611)	14 067 087	-	2 083	14 069 170

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	1st quarter (current year) period from 01.01.2025 to 31.03.2025	1st quarter (previous year) period from 01.01.2024 to 31.03.2024
Profit before income tax	989 460	432 706
Adjustments:	(18 677 907)	(12 030 822)
Income taxes paid	(516 753)	(68 007)
Depreciation, including depreciation of fixed assets provided under operating lease	148 374	141 714
Foreign exchange (gains) losses related to financing activities	(302 584)	(306 849)
(Gains) losses on investing activities	(41 303)	(14 605)
Dividends received	(468)	(2 995)
Interest income (income statement)	(3 626 425)	(3 561 177)
Interest expense (income statement)	1 187 709	1 221 095
Interest received	3 176 003	3 105 348
Interest paid	(1 077 727)	(1 260 228)
Changes in loans and advances to banks	(8 956 535)	(4 871 637)
Changes in financial assets and liabilities held for trading and hedging derivatives	(60 569)	(483 273)
Changes in loans and advances to customers	(6 519 359)	(2 844 883)
Changes in securities at fair value through other comprehensive income	3 280 342	2 772 617
Changes in securities at amortised cost	(5 996 257)	(3 839 040)
Changes of non-trading securities mandatorily at fair value through profit or loss	46 495	(7 552)
Changes in other assets	(422 299)	102 466
Changes in amounts due to banks	(27 386)	69 803
Changes in amounts due to customers	(192 536)	(2 278 688)
Changes in lease liabilities	(9 270)	(26 990)
Changes in issued debt securities	(24 648)	(122 002)
Changes in provisions	(573 811)	752 458
Changes in other liabilities	1 831 100	(508 397)
A. Cash flows from operating activities	(17 688 447)	(11 598 116)
Disposal of intangible assets and tangible fixed assets	20 913	26 151
Dividends received	468	2 995
Acquisition of shares or stock in subsidiaries	-	(41 500)
Purchase of intangible assets and tangible fixed assets	(201 896)	(207 163)
B. Cash flows from investing activities	(180 515)	(219 517)
Other financial inflows	2 920	-
Redemption of debt securities	(1 264 146)	(262 638)
Redemption or repayment of subordinated liabilities	(750 000)	-
Payments of lease liabilities	(39 957)	(40 607)
Interest paid regarding financing activities	(38 697)	(46 243)
C. Cash flows from financing activities	(2 089 880)	(349 488)
Net increase / decrease in cash and cash equivalents (A+B+C)	(19 958 842)	(12 167 121)
Effects of exchange rate changes on cash and cash equivalents	371	501
Cash and cash equivalents at the beginning of the reporting period	36 680 926	36 702 427
Cash and cash equivalents at the end of the reporting period	16 722 455	24 535 807

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**1. Information regarding the Group of mBank S.A.**

The Group of mBank S.A. ("Group", "mBank Group") consists of entities under the control of mBank S.A. ("Bank", "mBank") of the following nature:

- strategic - shares and equity interests in companies supporting particular business segments of mBank S.A. (corporate and investment banking segment, retail banking segment as well as treasury and other segment) with an investment horizon not shorter than 3 years. The formation or acquisition of these companies was intended to expand the range of services offered to the clients of the Bank.
- other - shares and equity interests in companies acquired in exchange for receivables, in transactions resulting from composition and work out agreements with debtors, with the intention to recover a part or all claims to loan receivables and insolvent companies under liquidation or receivership.

The parent entity of the Group is mBank S.A., which is a joint stock company registered in Poland and a part of Commerzbank AG Group.

As at 31 March 2025 mBank S.A. Group covered by the Condensed Interim Consolidated Financial Statements comprised the following companies:

mBank S.A. – the parent entity

Bank functions under the name of mBank S.A. with the head office located in Poland in Warsaw, Prosta 18 Street, KRS 0000025237, REGON 001254524, NIP 526-021-50-88.

According to the by-laws of the Bank, the scope of its business consists of providing banking services and consulting and advisory services in financial matters, as well as of conducting business activities within the scope described in its by-laws. The Bank operates within the scope of corporate, institutional and retail banking (including private banking) throughout the whole country and operates trade and investment activities as well as brokerage activities.

The Bank provides services to Polish and international corporations and individuals, both in the local currency (Polish Zloty, PLN) and in foreign currencies.

The Bank may open and maintain accounts in Polish and foreign banks and can possess foreign exchange assets and trade in them.

The Bank conducts retail banking business in the Czech Republic and Slovakia through its foreign mBank branches in these countries.

As at 31 March 2025 the headcount of mBank S.A. amounted to 6 949 FTEs (Full Time Equivalents), and of the Group to 7 627 FTEs (31 March 2024: Bank 6 752 FTEs; Group 7 383 FTEs).

As at 31 March 2025 the employment in mBank S.A. was 7 789 persons, and in the Group 8 559 persons (31 March 2024: Bank 7 693 persons; Group 8 444 persons)

The business activities of the Group are conducted in the following business segments presented in detail in Note 4.

Retail Banking segment

- mFinanse S.A. – subsidiary
- mFinanse CZ s.r.o. – subsidiary
- mFinanse SK s.r.o. – subsidiary
- mBank Hipoteczny S.A. – subsidiary
- mTowarzystwo Funduszy Inwestycyjnych S.A. – subsidiary
- mZakupy Sp. z o.o. – subsidiary
- mElements S.A. – subsidiary (the retail segment of the company's activity)
- mLeasing Sp. z o.o. – subsidiary (the retail segment of the company's activity)
- Asekum Sp. z o.o. – subsidiary (the retail segment of the company's activity)
- LeaseLink Sp. z o.o. – subsidiary

mBank S.A. Group

Consolidated financial report for the first quarter of 2025

Condensed consolidated financial statement of mBank S.A. for the first quarter of 2025

(PLN thousand)

Corporate and Investment Banking segment

- mFaktoring S.A. – subsidiary
- mLeasing Sp. z o.o. – subsidiary (the corporate segment of the company's activity)
- Asekum Sp. z o.o. – subsidiary (the corporate segment of the company's activity)
- mElements S.A. – subsidiary (the corporate segment of the company's activity)

Treasury and Other segment

- mBank Hipoteczny S.A. – subsidiary (with regard to activities concerning funding)
- mLeasing Sp. z o.o. – subsidiary (with regard to activities concerning funding)
- Future Tech Fundusz Inwestycyjny Zamknięty – subsidiary

Other information concerning companies of the Group

From the beginning of 2025, the Group started to consolidate the subsidiary mZakupy Sp. z o.o. (mZakupy) in relation to the start of its operating activities. The subsidiary develops and promotes mOkazje zakupy, an element of Bank's program mOkazje, which allows the customers to order and pay for partner products in the Bank's mobile application. The main task of the subsidiary was to implement information systems that enable the functioning of mOkazje zakupy and currently, the company's activities are focused on their maintenance and further development. The subsidiary ensures compliance of the systems with the Bank's and partners' requirements. They are also working on the implementation of tools promoting the project in the Bank's mobile application.

The condensed consolidated financial statements of the Bank cover the following companies:

The name of subsidiary	31.03.2025		31.12.2024		31.03.2024	
	Share in voting rights (directly and indirectly)	Consolidation method	Share in voting rights (directly and indirectly)	Consolidation method	Share in voting rights (directly and indirectly)	Consolidation method
mBank Hipoteczny S.A.	100%	full	100%	full	100%	full
mLeasing Sp. z o.o.	100%	full	100%	full	100%	full
mFinanse S.A.	100%	full	100%	full	100%	full
mFaktoring S.A.	100%	full	100%	full	100%	full
Future Tech Fundusz Inwestycyjny Zamknięty	100%	full	100%	full	98.04%	full
mElements S.A.	100%	full	100%	full	100%	full
Asekum Sp. z o.o.	100%	full	100%	full	100%	full
LeaseLink Sp. z o.o.	100%	full	100%	full	100%	full
mFinanse CZ s.r.o.	100%	full	100%	full	100%	full
mFinanse SK s.r.o.	100%	full	100%	full	100%	full
mTowarzystwo Funduszy Inwestycyjnych S.A.	100%	full	100%	full	100%	full
mZakupy Sp. z o.o.	100%	full	100%	-	100%	-

The Management Board of mBank S.A. approved these condensed interim consolidated financial statements for issue on 29 April 2025.

2. Information on relevant accounting policies

Accounting basis

The condensed interim consolidated financial statements of mBank S.A. Group have been prepared for the 3-month period ended 31 March 2025. Comparative data include the period from 1 January 2024 to 31 March 2024 for the condensed consolidated income statement, condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flows and condensed consolidated statement of changes in equity, additionally for the period from 1 January to 31 December 2024 for the condensed consolidated statement of changes in equity, and in the case of the condensed consolidated statement of financial position, data as at 31 December 2024.

These condensed interim consolidated financial statements for the first quarter of 2025 have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Consolidated financial statements of mBank S.A. Group for 2024 published on 28 February 2025. They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

In addition, selected explanatory information provide additional information in accordance with Decree of the Minister of Finance dated 29 March 2018 concerning the publication of current and periodic information by issuers of securities and the conditions of acceptance as equal information required by the law of other state, which is not a member state (Journal of Laws 2018, item 757).

Material accounting principles applied to the preparation of these condensed interim consolidated financial statements are presented in Note 2 to the Consolidated financial statements of mBank S.A. Group for 2024, published on 28 February 2025.

The preparation of the condensed interim consolidated financial statements requires the application of specific accounting estimates. It also requires the Management Board to use its own judgment when applying the accounting policies adopted by the Group. The issues in relation to which a significant professional judgement is required, more complex issues, or such issues where estimates or judgments are material to the consolidated financial statements are disclosed in Note 3.

Financial statements are prepared in compliance with materiality principle. Material omissions or misstatements of positions of financial statements are material if they could, individually or collectively, influence the economic decisions that users make on the basis of Group's financial statements. Materiality depends on the size and nature of the omission or misstatement of the position of financial statements or a combination of both. The Group presents separately each material class of similar positions. The Group presents separately positions of dissimilar nature or function unless they are immaterial.

These condensed interim consolidated financial statements were prepared under the assumption that all the entities of the Group continue as a going concern in the foreseeable future, i.e. in the period of at least 12 months following the reporting date with the exception of Future Tech Fundusz Inwestycyjny Zamknięty for which the liquidation process is planned to start in 2025. As at the date of approving these statements, the Bank Management Board has not identified any events that could indicate that the continuation of the operations by the Group is endangered in the period of 12 months from the reporting date with the exception of Future Tech Fundusz Inwestycyjny Zamknięty for which the liquidation process is planned to start in 2025.

New standards, interpretations and amendments to published standards

Standards and interpretations endorsed by the European Union

Published Standards and Interpretations which have been issued and are binding for the first time in the reporting period covered by the financial statements

Standards and interpretations	Description of the changes	The beginning of the binding period	Impact on the Group's financial statements in the period of initial application
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability	The amendments to IAS 21 clarify how an entity should assess the currency exchangeability and require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.	1 January 2025	The application of the amended standard will have no significant impact on the financial statements.

Standards and interpretations not yet endorsed by the European Union

These financial statements do not include standards and interpretations listed below which await endorsement of the European Union.

Standards and interpretations	Description of the changes	The beginning of the binding period	Impact on the Group's financial statements in the period of initial application
IFRS 18 Presentation and Disclosure in Financial Statements	IFRS 18 aims to improve financial reporting by requiring additional defined subtotals in the statement of profit or loss, requiring disclosures about management-defined performance measures and adding new principles for grouping (aggregation and disaggregation) of information. IFRS 18 replaces IAS 1 Presentation of Financial Statements. Requirements in IAS 1 that are unchanged have been transferred to IFRS 18 and other Standards.	1 January 2027	The application of the new standard will have no significant impact on the financial statements.
IFRS 19 Subsidiaries without Public Accountability: Disclosures	IFRS 19 permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures. Applying IFRS 19 will reduce the costs of preparing subsidiaries' financial statements while maintaining the usefulness of the information for users of their financial statements. A subsidiary is eligible if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.	1 January 2027	The standard will not apply for the purpose of preparing Group's financial statements.
Amendments to IFRS 9 and IFRS 7 – classification and measurement of financial instruments	The amendments to IFRS 9 and IFRS 7 relate to settling financial liabilities using an electronic payment system and assessing contractual cash flow characteristics of financial assets, including those with environmental, social and governance (ESG)-linked features. The amendments also include the disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income.	1 January 2026	The application of the amended standards will not have a significant impact on the financial statements.
Amendments to various standards resulting from the annual review of International Financial Reporting Standards	The amendments cover IFRS 1, IFRS 7 (including implementation guidance), IFRS 9, IFRS 10 and IAS 7 and consist of improving readability, accessibility and consistency with other standards and eliminating ambiguities in selected paragraphs.	1 January 2026	The application of the amended standards will have no significant impact on the financial statements.
Amendments to IFRS 9 and IFRS 7 – contracts relating to electricity dependent on natural conditions	The changes to nature-based electricity contracts relate to requirements for the possibility to apply the own-use exemption and hedge accounting with associated disclosures. The scope of the amendments is narrow and only if the contracts meet certain characteristics, they will be subject to the amendments.	1 January 2026	The application of the amended standards will have no significant impact on the financial statements.

3. Major estimates and judgments made in connection with the application of accounting policy principles

The Group applies estimates and adopts assumptions which impact the values of assets and liabilities presented in the subsequent period. Estimates and assumptions, which are continuously subject to assessment, rely on historical experience and other factors, including expectations concerning future events, which seem justified under the given circumstances.

Provisions for legal risks relating to indexation clauses in mortgage and housing loans in CHF and other foreign currencies

Detailed information on the impact of legal risk related to mortgage and housing loans granted to individual customers in CHF and other foreign currencies is provided in Note 33.

Impairment of loans and advances

The Group reviews its loan portfolio in terms of possible impairments at least once per quarter. In order to determine whether any impairment loss should be recognised in the income statement, the Bank assesses whether any evidence exists that would indicate some measurable reduction of estimated future cash flows attached to the loan portfolio. The methodology and the assumptions, on the basis of which the estimated cash flow amounts and their anticipated timing are determined, are regularly verified. If the current value of estimated cash flows (discounted recoveries from payments of capital, discounted recoveries from interests, discounted recoveries from off-balance sheet liabilities and discounted recoveries from collaterals for on-balance and off-balance sheet loans and advances, weighed by the probability of realization of specific scenarios) for portfolio of loans and advances and off-balance liabilities which are impaired as of 31 March 2025, change by +/- 10%, the estimated loans and advances and off-balance liabilities impairment would either decrease by PLN 43.3 million or increase by PLN 46.5 million (as at 31 December 2024: PLN 54.7 million and PLN 58.0 million). This estimation was performed for portfolio of loans and advances and for off-balance sheet liabilities individually assessed for impairment on the basis of future cash flows due to repayments and recovery from collateral – Stage 3. The rules of determining write-downs and provisions for impairment of credit exposures have been described under Note 3.3.6 of Consolidated financial statements of mBank S.A. Group for 2024, published on 28 February 2025.

Fair value of derivatives and other financial instruments

The fair value of financial instruments not listed on active markets is determined by applying valuation techniques. All models are approved prior to being applied and they are also calibrated in order to assure that the obtained results indeed reflect the actual data and comparable market prices. As far as possible, observable market data originating from an active market are used in the models. Methods for determining the fair value of financial instruments are described in Note 2.6 of Consolidated financial statements of mBank Group for 2024, published on 28 February 2025.

Deferred tax assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available, against which the losses can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits.

Income tax in interim financial statements

Income tax in interim financial statements is accrued in accordance with IAS 34. Interim period tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

Calculating the average annual effective income tax rate requires the use of a forecast of pre-tax income for the entire financial year and permanent differences regarding the balance sheet and tax values of assets and liabilities. The projected annual effective tax rate used to calculate the income tax burden in the first quarter of 2025 was 28.7% (first quarter of 2024: 39.3%).

The greatest impact on the value of the average annual effective tax rate in relation to the nominal income tax rate in the first quarter of 2025 resulted from the costs of legal risk related to foreign currency loans, tax on financial institutions and contributions and other mandatory payments that do not constitute tax deductible costs (including Bank Guarantee Fund fees).

Revenue and expenses from sale of insurance products bundled with loans

Revenue from sale of insurance products bundled with loans are split into interest income and fee and commission income based on the relative fair value analysis of each of these products.

The remuneration included in fee and commission income is recognised partly as upfront income and partly including deferral over time based on the analysis of the stage of completion of the service. Expenses directly linked to the sale of insurance products are recognised using the same pattern.

Liabilities due to post-employment employee benefits

The costs of post-employment employee benefits are determined using an actuarial valuation method. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and other factors. Due to the long-term nature of these programmes, such estimates are subject to significant uncertainty.

Leasing

The Group as lessor makes judgement classifying lease agreements as finance lease or operating lease based on the economic substance of the transaction basing on professional judgment whether substantially all the risk and rewards incidental to ownership of an asset were transferred or not.

The Group as a lessee makes certain estimates and calculations that have an impact on the valuation of lease liabilities and right-of-use assets. They include, among others: determination of the duration of contracts, determining the interest rate used to discount future cash flows and determination of the depreciation rate of right-of-use assets.

4. Business segments

Following the adoption of "management approach" of IFRS 8, operating segments are reported in accordance with the internal reporting provided to the Bank's Management Board (the chief operating decision-maker), which is responsible for allocating resources to the reportable segments and assesses their performance.

The classification by business segments is based on client groups and product groups defined by homogenous transaction characteristics. The classification is consistent with sales management and the philosophy of delivering complex products to the Bank's clients, including both standard banking products and more sophisticated investment products. The method of presentation of financial results coupled with the business management model ensures a constant focus on creating added value in relations with clients of the Bank and Group companies and should be seen as a primary division, which serves the purpose both managing and perceiving business within the Group.

The Group conducts its business through different business segments, which offer specific products and services targeted at specific client groups and market segments. The Group currently conducts its operations through the following business segments:

- The Retail Banking segment, which offers a full range of products and services to individual customers, including Private Banking customers and micro-businesses. The key products and services offered to customers in this segment include lending products (mortgage loans, overdrafts, cash loans, car loans, credit cards), deposit products (current and savings accounts, term deposits), debit cards, insurance products, brokerage services, investment advice, asset management services and leasing services. The results of the Retail Banking segment include the results of foreign branches of mBank in the Czech Republic and Slovakia. The Retail Banking segment also includes the results of mFinanse S.A., mFinanse CZ s.r.o., mFinanse SK s.r.o., mTowarzystwo Funduszy Inwestycyjnych S.A., LeaseLink Sp. z o.o., mZakupy Sp. z o.o. (since the moment the consolidation of the subsidiary began in the first quarter of 2025) as well as the results of retail segments of mLeasing Sp. z o.o., Asekum Sp. z o.o., mElements S.A. and mBank Hipoteczny S.A.
- The Corporate and Investment Banking segment, which offers financial services to small, medium and large-sized companies, public sector entities, financial institutions and banks. The key products offered to these customers include transactional banking (cash management, current accounts, term deposits, internet banking, financial liquidity management services, trade finance services, letters of credit and guarantees), working capital and investment loans, project finance, structured and mezzanine finance services as well as custody, leasing and factoring services. The products of this segment include operations in foreign currencies, capital and derivatives markets, both proprietary and on behalf of customers, as well as services for arranging and financing securities issues, financial consulting and brokerage services for financial institutions. The Corporate and Investment Banking segment also generates result of foreign exchange risk management. This segment includes the results of the following subsidiaries: mFaktoring S.A. as well as the results of corporate segments of mLeasing Sp. z o.o., Asekum Sp. z o.o., mElements S.A.
- The Treasury and Other segment consists primarily of treasury and money markets operations, liquidity and interest rate risks management of the Bank and its investment portfolio. The results of the segment include the result of internal settlements of fund transfer pricing, the result of items classified as hedge

mBank S.A. Group

Consolidated financial report for the first quarter of 2025

Condensed consolidated financial statement of mBank S.A. for the first quarter of 2025

(PLN thousand)

accounting and results not allocated to other segments. This segment also includes the results of mLeasing Sp. z o.o. and mBank Hipoteczny S.A. with regard to the activities concerning funding as well as the results of Future Tech Fundusz Inwestycyjny Zamknięty.

- **FX Mortgage Loans segment** consists primarily of foreign currency mortgage loans with indexation clauses granted to individual customers. These types of loans are no longer offered to customers. The segment's assets include only the portfolio of active mortgage loans originally granted in foreign currencies (mainly in CHF, EUR and USD). The segment's liabilities do not include the financing of the portfolio of such loans, which was included in the liabilities of other segments.

The principles of segment classification of the Group's activities are described below.

Transactions between the business segments are conducted on regular commercial terms.

Internal fund transfers between the Bank's units are calculated at transfer rates based on market rates. Transfer rates are determined on the same basis for all operating units of the Bank and their differentiation results only from currency and maturity structure of assets and liabilities. Internal settlements concerning internal valuation of funds transfers are reflected in the results of each segment.

The separation of the assets and liabilities of a segment, as well as of its income and costs, is done on the basis of internal information prepared at the Bank for the purpose of management accounting. Assets and liabilities for which the units of the given segment are responsible as well as income and costs related to such assets and liabilities are attributed to individual business segments. The financial result of a business segment takes into account all the income and cost items attributable to it.

The business operations of particular companies of the Group are fully attributed to the appropriate business segments (including consolidation adjustments).

The primary basis used by the Group in the segment reporting is business line division. In addition, the Group's activity is presented by geographical areas reporting broken down into Poland and foreign countries because of the place of origin of income and expenses. Foreign countries segment includes activity of mBank's foreign branches in Czech Republic and Slovakia as well as the activity of subsidiaries mFinanse CZ s.r.o. and mFinanse SK s.r.o.

Business segment reporting on the activities of mBank S.A. Group for the period from 1 January to 31 March 2025 – data regarding consolidated income statement.

period from 1 January to 31 March 2025	Retail Banking	Corporate and Investment Banking	Treasury and Other	FX Mortgage Loans	Total figure for the Group
Net interest income	1 634 613	717 306	96 782	(9 985)	2 438 716
- sales to external clients	998 630	656 918	770 363	12 805	2 438 716
- sales to other segments	635 983	60 388	(673 581)	(22 790)	-
Net fee and commission income	244 024	280 376	(12 054)	(9 260)	503 086
Dividend income	-	-	468	-	468
Trading income	29 998	65 689	(20 854)	(2 972)	71 861
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss	12 296	483	6 309	(388)	18 700
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	166	791	24	-	981
Other operating income	43 316	27 182	35 171	552	106 221
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	(142 453)	(65 023)	(5 380)	48 312	(164 544)
Costs of legal risk related to foreign currency loans	-	-	-	(661 769)	(661 769)
Overhead costs	(515 419)	(330 004)	(13 999)	(23 414)	(882 836)
Amortisation	(97 735)	(43 134)	(2 276)	(408)	(143 553)
Other operating expenses	(62 910)	(12 727)	(32 908)	(2 203)	(110 748)
Operating profit	1 145 896	640 939	51 283	(661 535)	1 176 583
Taxes on Group balance sheet items	(119 784)	(60 492)	(4 255)	(2 592)	(187 123)
Gross profit of the segment	1 026 112	580 447	47 028	(664 127)	989 460
Income tax					(283 789)
Net profit attributable to Owners of mBank S.A.					705 671
Net profit attributable to non-controlling interests					-

mBank S.A. Group

Consolidated financial report for the first quarter of 2025

Condensed consolidated financial statement of mBank S.A. for the first quarter of 2025

(PLN thousand)

Business segment reporting on the activities of mBank S.A. Group for the period from 1 January to 31 March 2024 – data regarding consolidated income statement.

period from 1 January to 31 March 2024	Retail Banking	Corporate and Investment Banking	Treasury and Other	FX Mortgage Loans	Total figure for the Group
Net interest income	1 531 406	688 238	114 576	5 862	2 340 082
- sales to external clients	929 031	660 674	678 246	72 131	2 340 082
- sales to other segments	602 375	27 564	(563 670)	(66 269)	-
Net fee and commission income	243 232	258 224	(9 978)	(7 351)	484 127
Dividend income	-	-	2 995	-	2 995
Trading income	27 375	59 664	(29 737)	(4 021)	53 281
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss	10 398	895	3 720	(171)	14 842
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	1 662	4 824	173	-	6 659
Other operating income	30 939	27 982	16 546	1 834	77 301
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	(72 956)	22 726	(2 791)	5 103	(47 918)
Costs of legal risk related to foreign currency loans	-	-	-	(1 370 563)	(1 370 563)
Overhead costs	(438 493)	(286 676)	(13 307)	(13 953)	(752 429)
Amortisation	(94 416)	(39 806)	(1 923)	(305)	(136 450)
Other operating expenses	(26 253)	(17 339)	(13 585)	(133)	(57 310)
Operating profit	1 212 894	718 732	66 689	(1 383 698)	614 617
Taxes on Group balance sheet items	(112 596)	(61 193)	(4 323)	(3 799)	(181 911)
Gross profit of the segment	1 100 298	657 539	62 366	(1 387 497)	432 706
Income tax					(170 140)
Net profit attributable to Owners of mBank S.A.					262 523
Net profit attributable to non-controlling interests					43

Business segment reporting on the activities of mBank S.A. Group – data regarding consolidated statement of financial position.

31.03.2025	Retail Banking	Corporate and Investment Banking	Treasury and Other	FX Mortgage Loans	Total figure for the Group
Assets of the segment	77 280 876	55 610 153	110 947 362	2 229 576	246 067 967
Liabilities of the segment	145 030 685	58 657 914	20 799 575	3 031 056	227 519 230

31.12.2024	Retail Banking	Corporate and Investment Banking	Treasury and Other	FX Mortgage Loans	Total figure for the Group
Assets of the segment	76 773 280	51 830 306	115 245 815	2 107 962	245 957 363
Liabilities of the segment	143 286 283	60 509 698	21 473 152	2 921 236	228 190 369

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Information about geographical areas on the activities of mBank S.A. Group for the period from 1 January to 31 March 2025 and for the period from 1 January to 31 March 2024.

	period from 1 January to 31 March 2025			period from 1 January to 31 March 2024		
	Poland	Foreign Countries	Total	Poland	Foreign Countries	Total
Net interest income	2 308 960	129 756	2 438 716	2 217 907	122 175	2 340 082
Net fee and commission income	488 185	14 901	503 086	472 437	11 690	484 127
Dividend income	468	-	468	2 995	-	2 995
Trading income	70 968	893	71 861	52 958	323	53 281
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss	18 700	-	18 700	14 842	-	14 842
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	974	7	981	6 685	(26)	6 659
Other operating income	102 300	3 921	106 221	75 146	2 155	77 301
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	(147 538)	(17 006)	(164 544)	(41 492)	(6 426)	(47 918)
Costs of legal risk related to foreign currency loans	(661 769)	-	(661 769)	(1 370 563)	-	(1 370 563)
Overhead costs	(832 280)	(50 556)	(882 836)	(709 560)	(42 869)	(752 429)
Amortisation	(140 493)	(3 060)	(143 553)	(133 518)	(2 932)	(136 450)
Other operating expenses	(109 319)	(1 429)	(110 748)	(55 107)	(2 203)	(57 310)
Operating profit	1 099 156	77 427	1 176 583	532 730	81 887	614 617
Taxes on Group balance sheet items	(174 296)	(12 827)	(187 123)	(169 338)	(12 573)	(181 911)
Gross profit of the segment	924 860	64 600	989 460	363 392	69 314	432 706
Income tax			(283 789)			(170 140)
Net profit attributable to Owners of mBank S.A.			705 671			262 523
Net profit attributable to non-controlling interests			-			43

Information about geographical areas on the activities of mBank S.A. Group as at 31 March 2025 and as at 31 December 2024.

	31.03.2025			31.12.2024		
	Poland	Foreign Countries	Total	Poland	Foreign Countries	Total
Assets of the segment, including:	236 656 177	9 411 790	246 067 967	236 235 247	9 722 116	245 957 363
- fixed assets	3 516 073	38 479	3 554 552	3 483 572	37 742	3 521 314
- deferred income tax assets	1 139 386	14 643	1 154 029	1 349 083	14 934	1 364 017
Liabilities of the segment	210 222 911	17 296 319	227 519 230	210 964 186	17 226 183	228 190 369

5. Net interest income

	the period	from 01.01.2025 to 31.03.2025	from 01.01.2024 to 31.03.2024
Interest income			
Interest income accounted for using the effective interest method		3 582 654	3 501 059
Interest income of financial assets at amortised cost, including:		3 154 940	3 080 866
- <i>Loans and advances</i>		2 568 441	2 534 206
- <i>Debt securities</i>		387 866	229 843
- <i>Cash and short-term placements</i>		197 206	296 183
- <i>Gains or losses on non-substantial modification (net)</i>		(14 930)	(3 777)
- <i>Other</i>		16 357	24 411
Interest income on financial assets at fair value through other comprehensive income, including:		427 714	420 193
- <i>Debt securities</i>		427 714	420 193
Income similar to interest on financial assets at fair value through profit or loss		43 771	60 118
Financial assets held for trading, including:		26 154	13 918
- <i>Loans and advances</i>		1 131	1 385
- <i>Debt securities</i>		25 023	12 533
Non-trading financial assets mandatorily at fair value through profit or loss, including:		17 617	22 305
- <i>Loans and advances</i>		17 617	22 305
Interest income on derivatives classified into banking book		-	23 895
Total interest income		3 626 425	3 561 177

The amount of interest income, presented under Cash and short-term placements, includes mainly interest income on the mandatory reserve. The item Other includes mainly interest income on cash-collateral.

	the period	from 01.01.2025 to 31.03.2025	from 01.01.2024 to 31.03.2024
Interest expenses			
Financial liabilities held for trading		(4 730)	(4 090)
Financial liabilities measured at amortised cost, including:		(963 492)	(923 993)
- <i>Deposits</i>		(772 620)	(734 327)
- <i>Loans received</i>		(1 075)	(1 105)
- <i>Issue of debt securities</i>		(155 319)	(138 582)
- <i>Subordinated liabilities</i>		(25 997)	(42 091)
- <i>Other financial liabilities</i>		(6 589)	(6 760)
- <i>Lease liabilities</i>		(1 892)	(1 128)
Interest expenses on derivatives classified in the banking book		(30)	-
Interest expenses on derivatives concluded under the fair value hedge		(159 969)	(198 043)
Interest expenses on derivatives concluded under the cash flow hedge		(59 171)	(94 947)
Other		(317)	(22)
Total interest expense		(1 187 709)	(1 221 095)

6. Net fee and commission income

	the period	from 01.01.2025 to 31.03.2025	from 01.01.2024 to 31.03.2024
Fee and commission income			
Payment cards-related fees		194 882	167 832
Credit-related fees and commissions		155 414	153 104
Commissions from currency transactions		115 723	120 014
Commissions from bank accounts		86 428	74 075
Commissions from money transfers		60 215	59 436
Fees from brokerage activity and debt securities issue		52 977	45 727
Commissions for agency service regarding sale of insurance products of external financial entities		38 932	36 667
Commissions due to guarantees granted and trade finance commissions		30 034	27 817
Commissions for agency service regarding sale of other products of external financial entities		29 578	31 939
Fees from cash services		17 257	16 207
Fees from portfolio management services and other management-related fees		10 471	7 424
Commissions on trust and fiduciary activities		7 950	8 063
Other		23 578	19 869
Total fee and commission income		823 439	768 174

	the period	from 01.01.2025 to 31.03.2025	from 01.01.2024 to 31.03.2024
Fee and commission expense			
Payment cards-related fees		(93 450)	(80 482)
Commissions paid to external entities for sale of the Group's products		(67 970)	(58 017)
Commissions of insurance products		(4 475)	(4 515)
Commissions paid for sale of external financial entities' products		(15 792)	(20 316)
Discharged brokerage fees		(9 891)	(7 536)
Cash services		(12 112)	(13 204)
Fees to NBP, KIR and GPW Benchmark		(4 642)	(5 540)
Other discharged fees		(112 021)	(94 437)
Total fee and commission expense		(320 353)	(284 047)

7. Dividend income

	the period	from 01.01.2025 to 31.03.2025	from 01.01.2024 to 31.03.2024
Non-trading financial assets mandatorily at fair value through profit or loss		68	127
Investments in non-consolidated subsidiaries		400	2 868
Total dividend income		468	2 995

8. Net trading income

the period	from 01.01.2025 to 31.03.2025	from 01.01.2024 to 31.03.2024
Foreign exchange result	41 726	36 850
Net exchange differences on translation	216 131	123 538
Net transaction gains/losses	(174 405)	(86 688)
Gains or losses on financial assets and liabilities held for trading	21 421	14 625
Derivatives, including:	11 905	11 828
- <i>Interest-bearing instruments</i>	9 066	9 677
- <i>Market risk instruments</i>	2 839	2 151
Equity instruments	(232)	352
Debt securities	9 061	(78)
Loans and advances	2 223	1 929
Financial liabilities	(1 536)	594
Gains or losses from hedge accounting	8 714	1 806
Net profit on hedged items	(207 418)	77 799
Net profit on fair value hedging instruments	215 996	(76 724)
Ineffective portion of cash flow hedge	136	731
Net trading income	71 861	53 281

The foreign exchange result includes profit on forward contracts, options, futures and recalculated assets and liabilities denominated in foreign currencies. The result on derivative transactions of interest-bearing instruments includes the result of swap contracts for interest rates, options and other derivatives. The result of the market risk instruments operations include profit on bond futures, index futures, security options, stock exchange index options, and options on futures contracts as well as the result from securities forward transactions, commodity futures and commodity swaps.

The Group applies fair value hedge accounting and cash flow hedge accounting. Detailed information on hedge accounting is included in Note 16.

9. Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss

the period	from 01.01.2025 to 31.03.2025	from 01.01.2024 to 31.03.2024
Equity instruments	15 910	11 305
Debt securities	3 436	3 674
Loans and advances	(646)	(137)
Total gains or losses on non-trading financial assets mandatorily at fair value through profit or loss	18 700	14 842

10. Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss

the period	from 01.01.2025 to 31.03.2025	from 01.01.2024 to 31.03.2024
Gains or losses from derecognition, including:	981	6 659
- <i>Financial assets measured at fair value through other comprehensive income</i>	816	4 261
- <i>Financial assets at amortised cost</i>	165	2 398
Total gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	981	6 659

11. Other operating income

the period	from 01.01.2025 to 31.03.2025	from 01.01.2024 to 31.03.2024
Income from sale or liquidation of fixed assets, intangible assets, assets held for sale and inventories	17 996	26 298
Income from services provided	5 448	3 671
Net income from operating lease and right-of-use assets in sublease	3 046	2 308
Rental income from investment properties	3	193
Gains from the revaluation of investment properties to fair value	23 812	-
Income due to release of provisions for future commitments	10 990	9 097
Income from recovering receivables designated previously as prescribed, remitted or uncollectible	6 674	319
Income from compensations, penalties and fines received	332	120
Resolution of impairment losses for property, plant and equipment and intangible assets	-	26
Gains from sale and valuation of investment in subsidiaries and associates	5 396	7 761
Other	32 524	27 508
Total other operating income	106 221	77 301

Income from services provided is earned on non-banking activities.

Net income from operating lease consists of income from operating lease, income from right-of-use assets in sublease and related depreciation cost of fixed asset provided by the Group under operating lease and right-of-use assets in sublease, incurred to obtain revenue.

Net income from operating lease and right-of-use assets in sublease generated for first quarter of 2025 and for first quarter of 2024 is presented below.

the period	from 01.01.2025 to 31.03.2025	from 01.01.2024 to 31.03.2024
Net operating income due to operating lease and subleasing right-of-use assets, including:		
Income from operating lease	6 933	6 094
Income from right-of-use assets in sublease	934	1 478
Depreciation cost of fixed assets provided under operating lease and right-of-use assets in sublease	(4 821)	(5 264)
Total net operating income due to operating lease and subleasing right-of-use assets	3 046	2 308

12. Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss

the period	from 01.01.2025 to 31.03.2025	from 01.01.2024 to 31.03.2024
Financial assets at amortised cost, including:		
Debt securities	(4 805)	(162)
Stage 1	(4 805)	(162)
Loans and advances	(157 663)	(77 097)
Stage 1	(32 538)	(21 272)
Stage 2	19 656	57 267
Stage 3	(128 297)	(118 473)
POCI	(16 484)	5 381
Financial assets at fair value through other comprehensive income, including:	(2 687)	388
Debt securities	(2 687)	388
Stage 1	(2 588)	442
Stage 2	(99)	(54)
Commitments and guarantees given	611	28 953
Stage 1	(1 726)	(620)
Stage 2	305	2 786
Stage 3	3 386	26 951
POCI	(1 354)	(164)
Net impairment losses on financial assets not measured at fair value through profit or loss	(164 544)	(47 918)

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In case when exposures are reclassified between stages, impairment on financial assets not measured at fair value through profit or loss is presented without netting, with the entire amount of the existing allowance released in the stage before the reclassification and the entire amount of the created allowance recognized in the stage after the exposure is reclassified.

13. Overhead costs

the period	from 01.01.2025 to 31.03.2025	from 01.01.2024 to 31.03.2024
Staff-related expenses	(433 930)	(383 436)
Material costs, including:	(217 192)	(204 366)
- costs of administration and real estate services	(85 750)	(87 925)
- IT costs	(71 428)	(63 299)
- marketing costs	(36 814)	(32 423)
- consulting costs	(17 308)	(15 665)
- other material costs	(5 892)	(5 054)
Taxes and fees	(13 269)	(12 531)
Contributions and transfers to the Bank Guarantee Fund	(214 867)	(147 803)
Contributions to the Social Benefits Fund	(3 578)	(4 293)
Total overhead costs	(882 836)	(752 429)

Staff-related expenses for the first quarter of 2025 and for the first quarter of 2024 is presented below.

the period	from 01.01.2025 to 31.03.2025	from 01.01.2024 to 31.03.2024
Wages and salaries	(333 212)	(296 081)
Social security expenses	(65 512)	(56 929)
Remuneration concerning share-based payments, including:	(3 368)	(3 548)
- share-based payments settled in mBank S.A. shares	(3 290)	(3 460)
- cash-settled share-based payments	(78)	(88)
Other staff expenses	(31 838)	(26 878)
Total staff-related expenses	(433 930)	(383 436)

14. Other operating expense

the period	from 01.01.2025 to 31.03.2025	from 01.01.2024 to 31.03.2024
Costs arising from sale or liquidation of fixed assets, intangible assets, assets held for resale and inventories	(15 914)	(20 316)
Provisions for future commitments	(30 209)	(4 784)
Costs arising from provisions created for other receivables (excluding loans and advances)	(840)	(590)
Donations made	(3 228)	(5 534)
Compensation, penalties and fines paid	(8 338)	(1 884)
Direct operating expenses (including repairs and maintenance) arising from investment properties that generated rental income during the period	(1 032)	(1 334)
Debt collection expenses	(3 932)	(4 679)
Losses from sale and valuation of investment in subsidiaries and associates	(6 111)	(4 404)
Other operating costs	(41 144)	(13 785)
Total other operating expenses	(110 748)	(57 310)

The item Costs arising from sale or liquidation of fixed assets, intangible assets, assets held for resale and inventories includes mainly the costs of mLeasing Sp. z o.o. from the sale of leasing items.

15. Earnings per share

	the period	from 01.01.2025 to 31.03.2025	from 01.01.2024 to 31.03.2024
Basic:			
Net profit attributable to Owners of mBank S.A.		705 671	262 523
Weighted average number of ordinary shares		42 496 973	42 465 167
Net basic profit per share (in PLN per share)		16.61	6.18
Diluted:			
Net profit attributable to Owners of mBank S.A., applied for calculation of diluted earnings per share		705 671	262 523
Weighted average number of ordinary shares		42 496 973	42 465 167
Adjustments for:			
- subscription warrants		68 938	83 697
Weighted average number of ordinary shares for calculation of diluted earnings per share		42 565 911	42 548 864
Diluted earnings per share (in PLN per share)		16.58	6.17

16. Financial assets and liabilities held for trading and derivatives held for hedges

Financial assets held for trading and derivatives held for hedges

	31.03.2025	31.12.2024
Derivatives	634 780	609 993
Held for trading derivative financial instruments classified into banking book	247 020	304 114
Held for trading derivative financial instruments classified into trading book	446 980	473 880
Derivative financial instruments held for fair value hedging	503 486	397 537
Offsetting effect	(562 706)	(565 538)
Equity instruments	11 170	11 402
Other financial corporations	11 170	11 402
Debt securities	2 086 314	1 176 347
General governments	1 861 432	920 469
Other financial corporations	71 861	72 463
Non-financial corporations	153 021	183 415
Loans and advances to customers	43 948	42 972
Corporate customers	43 948	42 972
Total financial assets held for trading and derivatives held for hedges	2 776 212	1 840 714

As at 31 March 2025 the above note includes government bonds pledged in sell/buy back transactions in the amount of PLN 1 128 422 thousand (as at 31 December 2024: PLN 800 737 thousand).

Financial liabilities held for trading and derivatives held for hedges

	31.03.2025	31.12.2024
Derivatives	845 037	748 327
Held for trading derivative financial instruments classified into banking book	237 128	180 905
Held for trading derivative financial instruments classified into trading book	670 636	648 529
Derivative financial instruments held for fair value hedging	352 311	537 716
Derivative financial instruments held for cash flow hedging	87 389	105 836
Offsetting effect	(502 427)	(724 659)
Liabilities from short sale of securities	884 543	345 710
Total financial liabilities held for trading and derivatives held for hedges	1 729 580	1 094 037

Derivative financial instruments

The Group has the following types of derivative instruments:

Forward currency transactions represent commitments to purchase foreign and local currencies, including outstanding spot transactions.

Futures for currencies and interest rates are contractual commitments to receive or pay a specific net value, depending on currency rate of exchange or interest rate variations, or to buy or sell a foreign currency or a financial instrument on a specified future date for a fixed price established on the organised financial market. Because futures contracts are collateralised with fair-valued cash or securities and the changes of the face value of such contracts are accounted for daily in reference to stock exchange quotations, the credit risk is marginal.

FRA contracts are similar to futures except that each FRA is negotiated individually, and each requires payment on a specific future date of the difference between the interest rate set in the agreement and the current market rate on the basis of theoretical amount of capital.

Currency and interest rate swap contracts are commitments to exchange one cash flow for another cash flow. Such a transaction results in swap of currencies or interest rates (e.g. fixed to variable interest rate) or combination of all these factors (e.g. cross-currency interest rate swaps – CIRS). Except from CIRS there is no exchange of principal at the origin and maturity of the transaction. The credit risk of the Group consists of the potential cost of replacing swap contracts if the parties fail to discharge their liabilities. This risk is monitored daily by reference to the current fair value, proportion of the face value of the contracts and market liquidity. The Group evaluates the parties to such contracts using the same methods as for its credit business, to control the level of its credit exposure.

Currency and interest rate options are agreements, pursuant to which the selling party grants the buying party the right, but not an obligation, to purchase (call option) or sell (put option) a specific quantity of a foreign currency or a financial instrument at a predefined price on or by a specific date or within an agreed period. In return for accepting currency or interest rate risk, the buyer offers the seller a premium. An option can be either a public instrument traded at a stock exchange, or a private instrument negotiated between the Group and a customer (private transaction). The Group is exposed to credit risk related to purchased options only up to the balance sheet value of such options, i.e. the fair value of the options.

Market risk transactions include futures contracts as well as commodity options, stock options and index options.

Face values of certain types of financial instruments provide a basis for comparing them to instruments disclosed in the statement of financial position but they may not be indicative of the value of the future cash flows or of the present fair value of such instruments. For this reason, the face values do not indicate the level of the Group's exposure to credit risk or price change risk. Derivative instruments can have positive value (assets) or negative value (liabilities), depending on market interest or currency exchange rate fluctuations. The aggregate fair value of derivative financial instruments may be subject to strong variations.

Hedge accounting

The Group applies the IFRS 9 hedge accounting requirements with the exception of the fair value portfolio hedges of interest rate risk, which continue to be accounted for in line with IAS 39 requirements.

Until 30 June 2022 the Group applied the hedge accounting requirements in accordance with IAS 39, instead of the requirements set forth in IFRS 9. Starting 1 July 2022 the Group applies IFRS 9 requirements in the area of hedge accounting to all hedge relations except for fair value portfolio hedges of interest rate risk where the hedged item is designated as portion that is a currency amount.

The Group applies fair value hedge accounting and cash flow hedge accounting.

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Description of hedge accounting risk management	Fair value hedge accounting	Cash flow hedge accounting
Risk category of exposures hedged and for which hedge accounting is applied	Interest rate risk	Interest rate risk and foreign currency risk
Risk occurrence	<p>The Group has long-term financial instruments (i.e.: bonds issued, covered bonds, fixed-rate loans received, mortgage loans, deposits) with fixed interest rates and is therefore exposed to fair value changes due to fluctuations in market interest rates.</p> <p>The Group determines the hedged item by identifying portfolios of similar assets or liabilities and scheduling the expected future cash flows from these items.</p> <p>Information about risk occurrence is also specified in Note 3.5. of Consolidated financial statements of mBank S.A. Group for 2024, published on 28 February 2025.</p>	<p>The Group has loans portfolio at variable interest rates indexed to the market rate, portion of the portfolio of mortgage loans for retail customers denominated in PLN with indexed interest rates and covered bonds issued by mBank Hipoteczny denominated in EUR with fixed interest rates.</p> <p>The structure of these financial instruments exposes the Group to the variability of cash flows generated from changes in reference interest rates and exchange rate fluctuations.</p>
Risk management strategy	<p>The Group manages this risk by contracting Interest Rate Swaps and Overnight Index Swap in which they pay a fixed rate and receive a variable rate. Only the interest rate risk is covered; therefore, other risks, such as credit risk, are managed but not covered by these instruments. The interest rate risk component is determined as the change in the fair value of fixed-rate financial instruments arising solely from changes in a reference rate.</p> <p>For balances within portfolios of homogeneous instruments, such as mortgages portfolio or a deposit with economic characteristics of fixed-rate may be used to hedge risks on a portfolio basis. The Group creates separate portfolio hedges for assets and liabilities.</p>	<p>The Group manages interest rate risk with derivatives, from which it receives fixed interest rate and pay variable interest rate (IRS).</p> <p>The purpose of the hedge is to eliminate the volatility of interest cash flows on loans based on a variable interest rate during the hedged period resulting from changes in the WIBOR reference rate. The Group estimates that 100% of the volatility of the hedged flows is due to changes in the WIBOR reference rate.</p> <p>As part of the above strategy, the Group, for the hedging relationship, sets a target of hedging a portion of the portfolio of loans based on a variable interest rate, up to an amount-defined layer of this portfolio.</p> <p>In terms of mortgage loans and mortgage bonds issued by mBank Hipoteczny, the Group applies hedge accounting with respect to cash flows of the loan's portfolio denominated in PLN and mortgage bonds denominated in EUR - using currency interest rate swaps (CIRS).</p> <p>The purpose of the hedging strategy is to eliminate the risk of volatility of cash flows generated by mortgage loans in PLN due to changes in reference interest rates and mortgage bonds denominated in a convertible currency due to exchange rate changes.</p>
Determination of the risk component	<p>Fair value hedges of interest rate risk related to debt instruments and loan assets involve swapping fixed cash flows associated with loans to customers, customer deposits, or debt issued to floating cash flows by entering into interest rate swaps that either pay fixed and receive floating cash flows or that receive fixed and pay floating cash flows. Derivative instruments designated in hedge relations are based on PLN WIBOR, ESTER, CZK PRIBOR, EURIBOR and CHF SARON.</p>	<p>The Group applies cash flow hedge accounting of the part of variable interest rate loans portfolio indexed to the market rate, that was granted by the Bank. An Interest Rate Swap is the hedging instrument changing the variable interest rate to a fixed interest rate. In addition, the Group applies hedge accounting to the cash flows of its loan portfolio in PLN and mortgage bonds in EUR using currency interest rate swaps (CIRS). The risks hedged under the Group's cash flow hedge accounting are interest rate risk and exchange rate risk.</p> <p>The valuation principles are analogous to the principles for the valuation of interest rate derivatives, however, as required by the IFRS 9, features that do not exist in the hedged item, such as currency basis spread, are not included in the valuation. Due to the fact that currency basis spread needs to be included in valuation of CIRS contracts, the Group applies the option in IFRS 9 to separate this element from the fair value of hedging instruments and defers it in "Other components of equity" in the line "Cost of hedging".</p>

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Description of hedge accounting risk management	Fair value hedge accounting	Cash flow hedge accounting
How the risk component relates to the item in its entirety	Risk component is identified using the risk management systems of the Group and encompasses the majority of: <ul style="list-style-type: none"> ■ variability of cash flows due to interest rate risk and foreign exchange risk, ■ volatility of fair value due to interest rate risk. In the process of management of interest rate risk in the banking book, the Group ensures independence of risk identification, measurement, monitoring, and control functions from activity related to risk-taking functions, as specified in Note 3.7. of Consolidated financial statements of mBank S.A. Group for 2024, published on 28 February 2025. The process and risk sensitivity measurement in particular to interest rates and foreign exchange rates are described in Note 3.5. of Consolidated financial statements of mBank S.A. Group for 2024, published on 28 February 2025.	
Hedged items	<ul style="list-style-type: none"> ■ fixed interest rate mortgage bonds issued by mBH, ■ fixed interest rate loans received by the Bank from European Investment Bank, ■ fixed rate bonds issued by the Bank, ■ senior non-preferred bonds issued by the Bank, fixed rate during three years since the issue date ■ senior preferred and non-preferred bonds issued by the Bank, fixed rate during five years since the issue date, ■ part of the portfolio of deposits modelled by the Bank with economic characteristics of fixed rate deposits, ■ part of the fixed interest rate mortgage portfolio owned by mBH. ■ part of the fixed interest rate housing and consumer loan portfolio, denominated in CZK, granted by mBank's foreign branch in the Czech Republic. 	<ul style="list-style-type: none"> ■ part of the portfolio of loans granted by the Bank at variable interest rates indexed to the market rate, ■ part of the portfolio of housing loans for retail customers entered in the collateral register for mortgage covered bonds, denominated in PLN, ■ mortgage bonds issued by the mBank Hipoteczny in EUR with a fixed interest rate.
Hedging instruments	Interest Rate Swap and Overnight Index Swap swapping the fixed interest rate for a variable interest rate.	Interest Rate Swap changing the variable interest rate to a fixed interest rate. CIRS derivative transactions in which, as a party to the transaction, the Group pays variable interest flows in PLN increased by a margin and receives fixed interest rates in EUR and the denominations are exchanged at the beginning and at the end of the transaction.
Economic relationship between the hedged item and the hedging instrument	In the first step, the existence of an economic linkage is evaluated using a qualitative assessment - the critical terms match method. If the method indicates the existence of an economic linkage between the hedged item and the hedging instrument, then the assessment is considered completed. Otherwise, unless there are qualitative reasons to question the existence of an economic relationship between the hedged item and the hedging instrument, the Group conducts: <ul style="list-style-type: none"> ■ a retrospective test and a prospective test based on the linear regression analysis method for portfolio hedges of fair value of interest rate risk, which continue to be accounted for in accordance with the requirements of IAS 39, ■ a prospective test based on the linear regression analysis method for other relationships. 	The economic relationship between the hedged component and the hedging instrument is determined based on a qualitative analysis of their key terms, such as the selection of the hedging interest rate for the prime rate and the matching of the tenors of the hedging instrument with the hedged instrument. The analysis includes tests of the probability of future cash flows. With regard to the hedge accounting applied by mBank Hipoteczny, the Group hedges the interest rate risk and currency risk within one economic relationship between the concluded CIRS transactions and part of the loan portfolio in PLN and mortgage bonds financing them in EUR. For the purposes of cash flow hedge accounting, the Group simultaneously establishes two hedging relationships: <ul style="list-style-type: none"> ■ by decomposing the part of the actual CIRS transaction securing the portfolio of loans in PLN with a variable interest rate (hedging against interest rate risk) and, ■ by decomposing the actual portion of the CIRS transaction securing the liability in EUR (protection against currency risk)
Establishing the hedge ratio	The Group determines the hedge ratio based on the nominal value of the hedged item and hedging instrument and it is 1:1 (except for mortgage bonds issued by mBank Hipoteczny (mBH) at mBank Group hedging relationship, for which the hedged ratio was determined based on BPV (Basis Point Value) and the fair value hedge of loan portfolios granted by mBank's Czech Branch, where the nominal value of hedging instruments is determined at an amount lower than the nominal value of the hedged item in order to take into account the risk of prepayment).	

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Description of hedge accounting risk management	Fair value hedge accounting	Cash flow hedge accounting
Evaluation of hedge effectiveness	At the end of each month, the Group evaluates effectiveness of the applied hedging by carrying out analysis of changes in fair value of the hedged and hedging instruments in respect of the hedged risk in order to confirm that hedging relationships are effective in accordance with the accounting policy described in Note 2.12. of Consolidated financial statements of mBank S.A. Group for 2024, published on 28 February 2025. In all identified hedging relations, the hedged risk results from changes in interest rates.	<p>Efficiency tests include the valuation of hedging transactions after deducting accrued interest. Hedge effectiveness is verified by applying prospective effectiveness tests. At the end of each month, the Group evaluates effectiveness of the applied hedging by carrying out analysis of changes in fair value of the hedged and hedging instruments in respect of the hedged risk in order to confirm that hedging relationships are effective in accordance with the accounting policy described in Note 2.12 of Consolidated financial statements of mBank S.A. Group for 2024, published on 28 February 2025.</p> <p>For the purpose of calculating changes in the fair value of future cash flows of items being hedged, the Group uses the "hypothetical derivative" method, which assumes the possibility of reflecting the hedged item and the characteristics of the risk being hedged in the form of a derivative. The valuation principles are analogous to the principles for the valuation of interest rate derivatives, however, as required by the IFRS 9, features that do not exist in the hedged item, such as currency basis spread, are not included in the valuation.</p>
Sources of hedge ineffectiveness	<p>The sources of hedge ineffectiveness for hedging relationships for which the ineffectiveness arises include repricing periods, base mismatch (e.g. another WIBOR), nominal mismatch in case when the hedge ratio is different than 1:1, CVA/DVA mismatch which is in valuation of hedging instrument and is not in hedged instrument and mismatch due to initial valuation of hedging instruments if a previously acquired derivative was included in hedging relationship.</p> <p>As specified in "establishing the hedge ratio" section, hedge ineffectiveness may arise due to risk of prepayment in terms of loan portfolios granted by mBank's Czech Branch.</p> <p>Hedge ineffectiveness arises also due to minimal differences (such as different date of first interest payment or different payments frequency) in the construction method and basic parameters of hedging transactions and hedged items.</p>	
Presentation of the result from hedged and hedging transactions	Fair value adjustment of the hedged assets and liabilities as well as valuation of the hedging instruments are recognized in the income statement as trading income, with the exception of interest income and costs of the interest element of the valuation of hedging instruments, which are presented in the item Interest income/expense on derivatives concluded under the fair value hedge.	<p>The ineffective portion of the gains or losses on the hedging instrument is recognized in the income statement in the position Net trading income - Gains or losses from hedge accounting. Portion of the gains or losses on the hedging instrument that is an effective hedge, is presented in the Statement of comprehensive income as Cash flow hedges (net). In addition, amounts charged directly to other comprehensive income are transferred to the profit and loss account respectively of the item Net interest income and Foreign exchange result in the same period or periods in which the inflow of the hedged transaction is referred to the profit and loss account.</p> <p>The Group takes advantage of the option introduced by IFRS 9 to recognise as separate component of equity part of the fair value of the hedging derivative instrument related to time value of option, forward element of a forward contract or currency basis spread, and reclassify it to profit or loss in the same periods during which the hedged expected future cash flows affect profit or loss and the Group includes in the line Other components of equity fair value changes of hedging CIRS contracts in the amount attributable to currency basis spread.</p>

Fair value hedge accounting

The net impact of fair value hedges is shown in the table below:

Fair value hedges	Ineffectiveness recognised in profit or loss		Line items in profit or loss (that include hedge ineffectiveness)
	from 01.01.2025 to 31.03.2025	from 01.01.2024 to 31.03.2024	
Interest rate risk	8 578	1 075	Net trading income - Gains or losses on hedge accounting

Cash flow hedge accounting

The following note presents other comprehensive income due to cash flow hedge and cost of hedge for the period from 1 January to 31 March 2025 and for the period from 1 January to 31 March 2024.

	the period	from 01.01.2025 to 31.03.2025	from 01.01.2024 to 31.03.2024
CASH FLOW HEDGE			
Other gross comprehensive income from cash flow hedge at the beginning of the period		(150 441)	(388 226)
Gains/losses included in other gross comprehensive income during the reporting period		(39 783)	(66 535)
The amount transferred in the period from other comprehensive income to profit and loss, including:		85 901	109 077
- net interest income, including:		59 171	94 947
<i>linkages for which hedge accounting is still applied</i>		51 446	80 120
<i>linkages for which hedge accounting is no longer applied</i>		7 725	14 827
- foreign exchange result		26 730	14 130
Accumulated other gross comprehensive income from cash flow hedge at the end of the reporting period		(104 323)	(345 684)
Income tax on accumulated other comprehensive income at the end of the reporting period		19 821	65 680
Accumulated other net comprehensive income from cash flow hedge at the end of the reporting period		(84 502)	(280 004)
Impact on other comprehensive income in the reporting period (gross)		46 118	42 542
Income tax on cash flow hedges		(8 763)	(8 083)
Impact of cash flow hedge on other comprehensive income in the reporting period (net)		37 355	34 459
COST OF HEDGE			
Other gross comprehensive income from cost of hedge at the beginning of the period		(767)	7 890
Gains/losses included in other gross comprehensive income during the reporting period		(648)	(3 985)
The amount transferred in the period from other comprehensive income to profit and loss, including:		(190)	(190)
- <i>Amount of amortisation from separate component of equity to profit or loss related to the foreign currency basis spread from the time of designation</i>		(190)	(190)
Accumulated other gross comprehensive income from cost of hedge at the end of the reporting period		(1 605)	3 715
Income tax on accumulated other comprehensive income at the end of the reporting period		305	(706)
Accumulated other net comprehensive income from cost of hedge at the end of the reporting period		(1 300)	3 009
Impact on other comprehensive income in the reporting period (gross)		(838)	(4 175)
Income tax on cost of hedges		159	793
Impact of cost of hedge on other comprehensive income in the reporting period (net)		(679)	(3 382)
Gains/losses recognised in comprehensive income (gross) during the reporting period, including:			
Unrealised gains/losses included in other comprehensive income (gross)		45 280	38 367
Results of cash flow hedge accounting recognised in the income statement		(85 765)	(108 346)
- amount included as interest income/expense in income statement during the reporting period (Note 6), including:		(59 171)	(94 947)
<i>linkages for which hedge accounting is still applied</i>		(51 446)	(80 120)
<i>linkages for which hedge accounting is no longer applied</i>		(7 725)	(14 827)
- ineffective portion of hedge recognised included in other net trading income in income statement (Note 9)		136	731
- foreign exchange result		(26 730)	(14 130)
Impact on comprehensive income in the reporting period (gross)		(40 485)	(69 979)

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17. Non-trading financial assets mandatorily at fair value through profit or loss

	31.03.2025	31.12.2024
Equity instruments	306 741	407 732
Other financial corporations	242 885	267 831
Non-financial corporations	63 856	139 901
Debt securities	32 604	31 204
Other financial institutions	32 604	31 204
Loans and advances to customers	464 289	486 850
Individual customers	414 102	434 565
Corporate customers	50 139	52 151
Public sector customers	48	134
Total non-trading financial assets mandatorily at fair value through profit or loss	803 634	925 786
Short-term (up to 1 year)	399 352	418 699
Long-term (over 1 year)	404 282	507 087

18. Financial assets at fair value through other comprehensive income

31.03.2025	Carrying amount	Gross carrying amount including valuation to fair value				Accumulated impairment			
		Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	POCI
Debt securities	31 699 082	31 574 110	137 123	-	-	(10 869)	(1 282)	-	-
Central banks	8 492 255	8 494 496	-	-	-	(2 241)	-	-	-
General governments	21 854 839	21 860 132	-	-	-	(5 293)	-	-	-
Credit institutions	393 792	394 513	-	-	-	(721)	-	-	-
Other financial institutions	208 773	158 933	50 894	-	-	(525)	(529)	-	-
Non-financial corporations	749 423	666 036	86 229	-	-	(2 089)	(753)	-	-
Total financial assets at fair value through other comprehensive income	31 699 082	31 574 110	137 123	-	-	(10 869)	(1 282)	-	-

Short-term (up to 1 year) gross 22 801 271

Long-term (over 1 year) gross 8 909 962

31.12.2024	Carrying amount	Gross carrying amount including valuation to fair value				Accumulated impairment			
		Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	POCI
Debt securities	34 588 843	34 487 450	110 901	-	-	(8 326)	(1 182)	-	-
Central banks	14 828 961	14 831 236	-	-	-	(2 275)	-	-	-
General governments	17 637 073	17 639 750	-	-	-	(2 677)	-	-	-
Credit institutions	344 055	344 696	-	-	-	(641)	-	-	-
Other financial institutions	1 061 981	1 031 618	31 428	-	-	(580)	(485)	-	-
Non-financial corporations	716 773	640 150	79 473	-	-	(2 153)	(697)	-	-
Total financial assets at fair value through other comprehensive income	34 588 843	34 487 450	110 901	-	-	(8 326)	(1 182)	-	-

Short-term (up to 1 year) gross 24 873 941

Long-term (over 1 year) gross 9 724 410

As of 31 December 2024, the above note included government bonds pledged to the Bank Guarantee Fund, government bonds pledged in sell/buy back transactions, and securities issued by the European Investment Bank as collateral in connection with securitization transactions amounting to PLN 846 304 thousand.

According to the Act of 10 June 2016, on the Bank Guarantee Fund, the deposit guarantee scheme, and compulsory restructuring, as amended, as of 31 December 2024, the Group held treasury bonds included in the financial statement amounting to PLN 229 641 thousand with a nominal value of PLN 250 000

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thousand, which constituted collateral for the guaranteed funds protection fund within the BFG and were deposited in a segregated account at the National Depository for Securities

Movements in expected credit losses allowance on financial assets at fair value through other comprehensive income

31.03.2025	Stage 1	Stage 2	Stage 3	POCI	TOTAL
DEBT SECURITIES					
As at the beginning of the period	(8 326)	(1 182)	-	-	(9 508)
Changes affecting the profit and loss account, including:	(2 588)	(99)	-	-	(2 687)
<i>Transfer to Stage 2</i>	114	(114)	-	-	-
<i>Increases due to grants and acquisitions</i>	(6 081)	-	-	-	(6 081)
<i>Decreases due to derecognition</i>	4 989	-	-	-	4 989
<i>Changes due to changes in credit risk (net)</i>	(1 610)	15	-	-	(1 595)
Other movements	45	(1)	-	-	44
As at the end of the period	(10 869)	(1 282)	-	-	(12 151)
TOTAL	(10 869)	(1 282)	-	-	(12 151)
31.12.2024	Stage 1	Stage 2	Stage 3	POCI	TOTAL
DEBT SECURITIES					
As at the beginning of the period	(9 879)	(862)	-	-	(10 741)
Changes affecting the profit and loss account, including:	1 474	(321)	-	-	1 153
<i>Transfer to Stage 1</i>	(328)	328	-	-	-
<i>Transfer to Stage 2</i>	520	(520)	-	-	-
<i>Increases due to grants and acquisitions</i>	(25 916)	-	-	-	(25 916)
<i>Decreases due to derecognition</i>	26 952	441	-	-	27 393
<i>Changes due to changes in credit risk (net)</i>	246	(570)	-	-	(324)
Other movements	79	1	-	-	80
As at the end of the period	(8 326)	(1 182)	-	-	(9 508)
TOTAL	(8 326)	(1 182)	-	-	(9 508)

Explanation of changes in the financial instruments gross carrying amount including valuation to fair value impacting the changes on expected credit losses allowance

31.03.2025	Stage 1	Stage 2	Stage 3	POCI	TOTAL
DEBT SECURITIES					
As at the beginning of the period	34 487 450	110 901	-	-	34 598 351
Transfer to Stage 2	(45 378)	45 378	-	-	-
Increases due to grants and acquisitions	31 996 008	-	-	-	31 996 008
Decreases due to derecognition	(34 842 191)	-	-	-	(34 842 191)
Other movements	(21 779)	(19 156)	-	-	(40 935)
As at the end of the period	31 574 110	137 123	-	-	31 711 233
TOTAL	31 574 110	137 123	-	-	31 711 233
31.12.2024	Stage 1	Stage 2	Stage 3	POCI	TOTAL
DEBT SECURITIES					
As at the beginning of the period	36 947 018	28 800	-	-	36 975 818
Transfer to Stage 1	31 424	(31 424)	-	-	-
Transfer to Stage 2	(139 086)	139 086	-	-	-
Increases due to grants and acquisitions	163 924 337	-	-	-	163 924 337
Decreases due to derecognition	(167 670 577)	(28 088)	-	-	(167 698 665)
Other movements	1 394 334	2 527	-	-	1 396 861
As at the end of the period	34 487 450	110 901	-	-	34 598 351
TOTAL	34 487 450	110 901	-	-	34 598 351

19. Financial assets at amortised cost

31.03.2025	Carrying amount	Gross carrying amount				Accumulated impairment			
		Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	POCI
Debt securities	40 108 843	40 118 353	-	-	-	(9 510)	-	-	-
General governments	31 753 860	31 761 921	-	-	-	(8 061)	-	-	-
Credit institutions	3 595 072	3 595 990	-	-	-	(918)	-	-	-
Other financial corporations	4 759 911	4 760 442	-	-	-	(531)	-	-	-
Loans and advances to banks	18 791 826	18 791 363	986	-	-	(523)	-	-	-
Loans and advances to customers	127 307 414	111 361 262	14 635 070	4 371 837	557 560	(469 858)	(560 877)	(2 545 793)	(41 787)
Individual customers	69 173 029	60 253 078	8 356 318	2 186 561	336 081	(249 622)	(463 081)	(1 152 875)	(93 431)
Corporate customers	58 012 146	51 061 524	6 210 625	2 157 328	221 479	(220 181)	(94 331)	(1 375 942)	51 644
Public sector customers	122 239	46 660	68 127	27 948	-	(55)	(3 465)	(16 976)	-
Total financial assets at amortised cost	186 208 083	170 270 978	14 636 056	4 371 837	557 560	(479 891)	(560 877)	(2 545 793)	(41 787)
Short-term (up to 1 year) gross	68 778 259								
Long-term (over 1 year) gross	121 058 172								

31.12.2024	Carrying amount	Gross carrying amount				Accumulated impairment			
		Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	POCI
Debt securities	33 965 644	33 970 318	-	-	-	(4 674)	-	-	-
General governments	24 966 741	24 970 435	-	-	-	(3 694)	-	-	-
Credit institutions	3 433 368	3 433 879	-	-	-	(511)	-	-	-
Other financial corporations	5 565 535	5 566 004	-	-	-	(469)	-	-	-
Loans and advances to banks	9 738 457	9 738 787	239	-	-	(569)	-	-	-
Loans and advances to customers	120 888 776	104 409 480	15 041 865	4 617 803	386 046	(436 059)	(579 957)	(2 534 556)	(15 846)
Individual customers	68 183 621	58 600 833	8 856 463	2 392 064	305 125	(219 017)	(480 267)	(1 196 614)	(74 966)
Corporate customers	52 581 735	45 760 203	6 118 332	2 196 541	80 921	(216 954)	(96 191)	(1 320 237)	59 120
Public sector customers	123 420	48 444	67 070	29 198	-	(88)	(3 499)	(17 705)	-
Total financial assets at amortised cost	164 592 877	148 118 585	15 042 104	4 617 803	386 046	(441 302)	(579 957)	(2 534 556)	(15 846)
Short-term (up to 1 year) gross	53 486 193								
Long-term (over 1 year) gross	114 678 345								

As of 31 March 2025, the above note comprises the government bonds pledged under the Bank Guarantee Fund, government bonds serving as collateral for loans received from the European Investment Bank, and securities issued by the European Investment Bank serving as collateral in connection with securitization transactions in the total amount of PLN 3 438 891 thousand (as of 31 December 2024: PLN 3 507 734 thousand).

As at 31 December 2024, the abovementioned value includes government bonds included in the statement of financial position in the amount of PLN 397 110 thousand with a nominal value of PLN 400 000 thousand, which were pledged as collateral for the BFG and were deposited in a separate account at the National Depository of Securities in accordance with the Act of 10 June 2016 on the Bank Guarantee Fund, Deposit Guarantee Scheme and Resolution, with further amendments, moreover as at 31 March 2025 the above amount includes the government bonds, which were securing the payment commitment to the BFG guarantee fund and forced restructuring fund in the amount of PLN 554 603 thousand (31 December 2024: PLN 415 342 thousand).

In the item loans and advances granted to individual clients were also included loans granted to microenterprises serviced by mBank S.A. Retail Banking.

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Loans and advances to customers

Loans and advances to customers 31.03.2025	Gross carrying amount	including:		
		Individual customers	Corporate customers	Public customers
Current accounts	15 946 710	7 703 414	8 234 997	8 299
Term loans, including:	91 415 499	63 360 239	27 920 824	134 436
- housing and mortgage loans to natural persons	46 251 695	46 251 695		
Reverse repo or buy/sell back	4 346 503	-	4 346 503	-
Finance leases	14 960 593	-	14 960 593	-
Other loans and advances	4 028 426	-	4 028 426	-
Other receivables	227 998	68 385	159 613	-
Total gross carrying amount	130 925 729	71 132 038	59 650 956	142 735
	Accumulated impairment	including:		
		Individual customers	Corporate customers	Public customers
Current accounts	(1 057 544)	(752 323)	(305 188)	(33)
Term loans, including:	(1 965 798)	(1 206 686)	(738 649)	(20 463)
- housing and mortgage loans to natural persons	(344 348)	(344 348)		
Finance leases	(499 324)	-	(499 324)	-
Other loans and advances	(86 341)	-	(86 341)	-
Other receivables	(9 308)	-	(9 308)	-
Total accumulated impairment	(3 618 315)	(1 959 009)	(1 638 810)	(20 496)
Total gross carrying amount	130 925 729	71 132 038	59 650 956	142 735
Total accumulated impairment	(3 618 315)	(1 959 009)	(1 638 810)	(20 496)
Total carrying amount	127 307 414	69 173 029	58 012 146	122 239
Short-term (up to 1 year) gross	42 572 456			
Long-term (over 1 year) gross	88 353 273			
Loans and advances to customers 31.12.2024	Gross carrying amount	including:		
		Individual customers	Corporate customers	Public customers
Current accounts	14 615 758	7 596 751	7 010 043	8 964
Term loans, including:	89 986 897	62 459 240	27 391 909	135 748
- housing and mortgage loans to natural persons	45 978 264	45 978 264		
Reverse repo or buy/sell back	1 029 492	-	1 029 492	-
Finance leases	14 885 011	-	14 885 011	-
Other loans and advances	3 707 809	-	3 707 809	-
Other receivables	230 227	98 494	131 733	-
Total gross carrying amount	124 455 194	70 154 485	54 155 997	144 712
	Accumulated impairment	including:		
		Individual customers	Corporate customers	Public customers
Current accounts	(1 057 230)	(779 824)	(277 351)	(55)
Term loans, including:	(1 947 128)	(1 191 040)	(734 851)	(21 237)
- housing and mortgage loans to natural persons	(395 361)	(395 361)		
Finance leases	(484 453)	-	(484 453)	-
Other loans and advances	(69 168)	-	(69 168)	-
Other receivables	(8 439)	-	(8 439)	-
Total accumulated impairment	(3 566 418)	(1 970 864)	(1 574 262)	(21 292)
Total gross carrying amount	124 455 194	70 154 485	54 155 997	144 712
Total accumulated impairment	(3 566 418)	(1 970 864)	(1 574 262)	(21 292)
Total carrying amount	120 888 776	68 183 621	52 581 735	123 420
Short-term (up to 1 year) gross	38 563 265			
Long-term (over 1 year) gross	85 891 929			

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The currency structure of housing and mortgage loans granted to natural persons

	31.03.2025	31.12.2024
Net housing and mortgage loans to natural persons (in PLN thousand), including:	45 907 347	45 582 903
- PLN	39 006 387	38 041 975
- CHF	217 255	665 588
- EUR	2 801 343	2 955 047
- CZK	3 848 742	3 880 208
- USD	27 697	32 878
- Other	5 923	7 207
Net housing and mortgage loans to natural persons in original currencies (main currencies in thousand), including:		
- PLN	39 006 387	38 041 975
- CHF	49 517	146 699
- EUR	669 553	691 563
- CZK	22 950 161	22 838 187
- USD	7 167	8 017

The table above includes loans and advances at amortised cost and does not include the loans and advances measured at fair value through profit or loss.

The structure of concentration of carrying amounts of exposure of mBank Group

31.03.2025											
No.	Sectors	Carrying amount	Gross carrying amount				%	Accumulated impairment			
			Stage 1	Stage 2	Stage 3	POCI		Stage 1	Stage 2	Stage 3	POCI
1.	Individual customers	69 173 029	60 253 078	8 356 318	2 186 561	336 081	54.33%	(249 622)	(463 081)	(1 152 875)	(93 431)
2.	Real estate	6 945 840	6 073 748	701 169	399 407	22 648	5.50%	(19 169)	(27 597)	(220 921)	16 555
3.	Financial activities	6 004 397	5 966 802	33 465	9 199	9 888	4.60%	(6 611)	(343)	(7 811)	(192)
4.	Construction	4 967 724	4 442 177	351 767	221 648	129 074	3.93%	(17 914)	(5 212)	(147 230)	(6 586)
5.	Food sector	3 462 933	2 947 642	489 158	95 349	1 808	2.70%	(9 630)	(12 905)	(48 425)	(64)
6.	Power and heating distribution	3 250 366	3 191 260	72 591	67 224	-	2.54%	(24 419)	(1 291)	(54 999)	-
7.	Transport and logistics	3 015 614	2 398 679	515 971	196 885	768	2.38%	(5 907)	(5 976)	(97 968)	13 162
8.	Scientific and technical activities	2 705 101	2 562 899	127 727	69 112	4 386	2.11%	(8 178)	(1 597)	(44 865)	(4 383)
9.	Motorisation	2 682 313	2 378 139	291 281	41 837	-	2.07%	(5 663)	(1 940)	(22 161)	820
10.	Metals	2 261 180	1 699 357	528 711	155 978	7 467	1.83%	(6 643)	(5 567)	(113 548)	(4 575)
11.	Construction materials	2 177 150	1 688 236	478 177	43 380	11 399	1.70%	(5 328)	(4 819)	(26 764)	(7 131)
12.	Human health	1 913 315	1 765 182	154 229	15 574	-	1.48%	(9 352)	(1 844)	(10 474)	-
13.	Chemicals and plastic products	1 729 897	1 532 326	168 372	69 372	248	1.35%	(5 691)	(1 160)	(34 646)	1 076
14.	Wholesale trade	1 539 463	1 258 094	245 107	157 072	-	1.27%	(5 538)	(2 288)	(112 984)	-
15.	Wood, furniture and paper products	1 439 408	880 668	465 898	101 055	12 931	1.12%	(2 923)	(3 257)	(56 150)	41 186
16.	Retail trade	1 385 434	1 247 511	119 987	53 513	283	1.09%	(3 765)	(1 791)	(30 269)	(35)
17.	Fuel	1 079 466	966 148	84 847	149 248	106	0.92%	(3 418)	(544)	(118 976)	2 055
18.	Rental and leasing activities	1 113 634	963 532	144 666	28 697	-	0.87%	(2 920)	(1 155)	(19 186)	-
19.	IT	1 058 720	1 004 780	44 742	39 926	1	0.83%	(4 186)	(738)	(25 805)	-
20.	Other	9 402 430	8 141 004	1 260 887	270 800	20 472	7.38%	(72 981)	(17 772)	(199 736)	(244)
Total		127 307 414	111 361 262	14 635 070	4 371 837	557 560	100.00%	(469 858)	(560 877)	(2 545 793)	(41 787)

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No.	Sectors	Carrying amount	Gross carrying amount				%	Accumulated impairment			
			Stage 1	Stage 2	Stage 3	POCI		Stage 1	Stage 2	Stage 3	POCI
1.	Individual customers	68 183 621	58 600 833	8 856 463	2 392 064	305 125	56.37%	(219 017)	(480 267)	(1 196 614)	(74 966)
2.	Real estate	6 940 538	5 847 807	922 810	393 680	23 074	5.78%	(18 594)	(29 541)	(215 933)	17 235
3.	Construction	4 805 010	4 306 949	312 402	361 347	2 227	4.00%	(16 095)	(5 831)	(155 227)	(762)
4.	Food sector	3 467 877	2 907 281	559 663	55 804	-	2.83%	(8 195)	(13 797)	(32 879)	-
5.	Power and heating distribution	3 378 664	3 331 722	61 745	68 983	-	2.78%	(26 384)	(1 332)	(56 070)	-
6.	Transport and logistics	3 022 466	2 454 267	484 283	183 349	989	2.51%	(6 054)	(6 100)	(101 235)	12 967
7.	Motorisation	2 431 726	2 190 090	235 686	31 841	-	1.97%	(4 641)	(1 834)	(20 236)	820
8.	Metals	2 263 809	1 678 243	549 267	154 952	7 616	1.92%	(6 062)	(6 818)	(108 757)	(4 632)
9.	Scientific and technical activities	2 204 818	2 068 531	123 068	65 958	4 775	1.82%	(6 183)	(1 616)	(44 943)	(4 772)
10.	Financial activities	2 213 468	2 174 878	33 343	9 410	10 025	1.79%	(5 296)	(405)	(8 364)	(123)
11.	Construction materials	1 952 928	1 501 949	436 691	48 894	11 320	1.61%	(4 112)	(4 207)	(30 665)	(6 942)
12.	Human health	1 840 638	1 649 604	197 187	15 277	-	1.50%	(8 990)	(2 186)	(10 254)	-
13.	Chemicals and plastic products	1 659 520	1 486 101	143 145	68 676	246	1.36%	(4 618)	(1 559)	(33 548)	1 077
14.	Wholesale trade	1 412 412	1 164 831	214 395	144 885	-	1.22%	(3 938)	(2 162)	(105 599)	-
15.	Wood, furniture and paper products	1 368 828	851 360	441 138	86 963	1	1.11%	(2 825)	(2 167)	(48 382)	42 740
16.	Fuel	1 242 643	1 137 683	73 595	152 288	104	1.10%	(2 591)	(469)	(120 978)	3 011
17.	Retail trade	1 248 438	1 096 107	120 670	56 475	12 990	1.03%	(3 685)	(2 038)	(32 056)	(25)
18.	IT	1 113 066	1 062 353	41 391	40 167	1	0.92%	(3 893)	(584)	(26 369)	-
19.	Rental and leasing activities	1 054 248	912 244	134 961	29 826	-	0.87%	(2 835)	(961)	(18 987)	-
20.	Other	9 084 058	7 986 647	1 099 962	256 964	7 553	7.51%	(82 051)	(16 083)	(167 460)	(1 474)
Total		120 888 776	104 409 480	15 041 865	4 617 803	386 046	100.00%	(436 059)	(579 957)	(2 534 556)	(15 846)

Movements in expected credit losses allowance

31.03.2025	Stage 1	Stage 2	Stage 3	POCI	TOTAL
DEBT SECURITIES					
As at the beginning of the period	(4 674)	-	-	-	(4 674)
Changes affecting the profit and loss account, including:	(4 805)	-	-	-	(4 805)
<i>Increases due to grants and acquisitions</i>	(911)	-	-	-	(911)
<i>Decreases due to derecognition</i>	170	-	-	-	170
<i>Changes in credit risk (net)</i>	(4 064)	-	-	-	(4 064)
Other movements	(31)	-	-	-	(31)
As at the end of the period	(9 510)	-	-	-	(9 510)
LOANS AND ADVANCES TO BANKS					
As at the beginning of the period	(569)	-	-	-	(569)
Changes affecting the profit and loss account, including:	2 179	10	-	-	2 189
<i>Increases due to grants and acquisitions</i>	(70)	(26)	-	-	(96)
<i>Decreases due to derecognition</i>	57	26	-	-	83
<i>Changes in credit risk (net)</i>	2 192	10	-	-	2 202
Other movements	(2 133)	(10)	-	-	(2 143)
As at the end of the period	(523)	-	-	-	(523)
LOANS AND ADVANCES TO CUSTOMERS					
As at the beginning of the period	(436 059)	(579 957)	(2 534 556)	(15 846)	(3 566 418)
Changes affecting the profit and loss account, including:	(34 717)	19 646	(128 297)	(16 484)	(159 852)
<i>Transfer to Stage 1</i>	(70 282)	67 611	2 671	-	-
<i>Transfer to Stage 2</i>	24 918	(45 787)	20 869	-	-
<i>Transfer to Stage 3</i>	1 327	60 088	(61 415)	-	-
<i>Increases due to grants and acquisitions</i>	(79 726)	(4 330)	(109 273)	(14 147)	(207 476)
<i>Decreases due to derecognition</i>	18 044	18 555	144 975	(4 414)	177 160
<i>Changes in credit risk (net)</i>	71 002	(76 491)	(126 124)	2 077	(129 536)
Write-offs	-	-	120 198	7 249	127 447
Other movements	918	(566)	(3 138)	(16 706)	(19 492)
As at the end of the period	(469 858)	(560 877)	(2 545 793)	(41 787)	(3 618 315)
TOTAL	(479 891)	(560 877)	(2 545 793)	(41 787)	(3 628 348)

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31.12.2024	Stage 1	Stage 2	Stage 3	POCI	TOTAL
DEBT SECURITIES					
As at the beginning of the period	(3 928)	-	-	-	(3 928)
Changes affecting the profit and loss account, including:	(700)	-	-	-	(700)
<i>Increases due to grants and acquisitions</i>	(2 340)	-	-	-	(2 340)
<i>Decreases due to derecognition</i>	1 795	-	-	-	1 795
<i>Changes in credit risk (net)</i>	(155)	-	-	-	(155)
Other movements	(46)	-	-	-	(46)
As at the end of the period	(4 674)	-	-	-	(4 674)
LOANS AND ADVANCES TO BANKS					
As at the beginning of the period	(345)	(32)	-	-	(377)
Changes affecting the profit and loss account, including:	222	234	-	-	456
<i>Transfer to Stage 1</i>	(32)	32	-	-	-
<i>Transfer to Stage 2</i>	54	(54)	-	-	-
<i>Increases due to grants and acquisitions</i>	(1 237)	(558)	-	-	(1 795)
<i>Decreases due to derecognition</i>	786	581	-	-	1 367
<i>Changes in credit risk (net)</i>	651	233	-	-	884
Other movements	(446)	(202)	-	-	(648)
As at the end of the period	(569)	-	-	-	(569)
LOANS AND ADVANCES TO CUSTOMERS					
As at the beginning of the period	(396 152)	(677 083)	(2 687 978)	53 014	(3 708 199)
Changes affecting the profit and loss account, including:	(40 551)	101 383	(646 105)	(13 435)	(598 708)
<i>Transfer to Stage 1</i>	(292 580)	287 656	4 924	-	-
<i>Transfer to Stage 2</i>	105 730	(172 094)	66 364	-	-
<i>Transfer to Stage 3</i>	6 573	279 553	(286 126)	-	-
<i>Increases due to grants and acquisitions</i>	(243 034)	(42 936)	(237 595)	(24 029)	(547 594)
<i>Decreases due to derecognition</i>	75 752	70 153	612 421	(121 610)	636 716
<i>Changes in credit risk (net)</i>	307 008	(320 949)	(806 093)	132 204	(687 830)
Write-offs	-	-	918 395	139 625	1 058 020
Other movements	644	(4 257)	(118 868)	(195 050)	(317 531)
As at the end of the period	(436 059)	(579 957)	(2 534 556)	(15 846)	(3 566 418)
TOTAL	(441 302)	(579 957)	(2 534 556)	(15 846)	(3 571 661)

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Explanation of changes in the gross carrying amount impacting the changes on expected credit losses allowance

31.03.2025	Stage 1	Stage 2	Stage 3	POCI	TOTAL
DEBT SECURITIES					
As at the beginning of the period	33 970 318	-	-	-	33 970 318
Increases due to grants and acquisitions	5 536 137	-	-	-	5 536 137
Decreases due to derecognition	(1 705 742)	-	-	-	(1 705 742)
Other movements	2 317 640	-	-	-	2 317 640
As at the end of the period	40 118 353	-	-	-	40 118 353
LOANS AND ADVANCES TO BANKS					
As at the beginning of the period	9 738 787	239	-	-	9 739 026
Transfer to Stage 1	2	(2)	-	-	-
Increases due to grants and acquisitions	44 142 918	4 849	-	-	44 147 767
Decreases due to derecognition	(34 978 458)	(4 100)	-	-	(34 982 558)
Other movements	(111 886)	-	-	-	(111 886)
As at the end of the period	18 791 363	986	-	-	18 792 349
LOANS AND ADVANCES TO CUSTOMERS					
As at the beginning of the period	104 409 480	15 041 865	4 617 803	386 046	124 455 194
Transfer to Stage 1	2 211 654	(2 194 728)	(16 926)	-	-
Transfer to Stage 2	(3 158 601)	3 266 573	(107 972)	-	-
Transfer to Stage 3	(139 569)	(477 574)	617 143	-	-
Increases due to grants and acquisitions	26 426 712	816 914	292 732	199 285	27 735 643
Decreases due to derecognition	(14 406 867)	(1 189 915)	(561 697)	(2 733)	(16 161 212)
Write-offs	-	-	(120 198)	(7 249)	(127 447)
Other movements	(3 981 547)	(628 065)	(349 048)	(17 789)	(4 976 449)
As at the end of the period	111 361 262	14 635 070	4 371 837	557 560	130 925 729
TOTAL	170 270 978	14 636 056	4 371 837	557 560	189 836 431
31.12.2024					
DEBT SECURITIES					
As at the beginning of the period	23 327 618	-	-	-	23 327 618
Increases due to grants and acquisitions	12 969 862	-	-	-	12 969 862
Decreases due to derecognition	(7 688 260)	-	-	-	(7 688 260)
Other movements	5 361 098	-	-	-	5 361 098
As at the end of the period	33 970 318	-	-	-	33 970 318
LOANS AND ADVANCES TO BANKS					
As at the beginning of the period	7 117 631	1 805	-	-	7 119 436
Transfer to Stage 1	2 289	(2 289)	-	-	-
Transfer to Stage 2	(4 614)	4 614	-	-	-
Increases due to grants and acquisitions	129 172 168	55 718	-	-	129 227 886
Decreases due to derecognition	(126 993 984)	(57 531)	-	-	(127 051 515)
Other movements	445 297	(2 078)	-	-	443 219
As at the end of the period	9 738 787	239	-	-	9 739 026
LOANS AND ADVANCES TO CUSTOMERS					
As at the beginning of the period	96 398 711	15 350 369	4 609 500	226 199	116 584 779
Transfer to Stage 1	9 810 149	(9 768 246)	(41 903)	-	-
Transfer to Stage 2	(14 090 343)	14 411 779	(321 436)	-	-
Transfer to Stage 3	(477 036)	(2 006 176)	2 483 212	-	-
Increases due to grants and acquisitions	96 639 980	2 862 516	478 579	260 387	100 241 462
Decreases due to derecognition	(78 173 785)	(4 509 646)	(1 450 954)	9 869	(84 124 516)
Write-offs	-	-	(918 395)	(139 625)	(1 058 020)
Other movements	(5 698 196)	(1 298 731)	(220 800)	29 216	(7 188 511)
As at the end of the period	104 409 480	15 041 865	4 617 803	386 046	124 455 194
TOTAL	148 118 585	15 042 104	4 617 803	386 046	168 164 538

20. Non-current assets and disposal groups classified as held for sale and liabilities held for sale

In December 2024, the Bank started the process of selling properties that were previously presented as fixed assets (buildings in Bielsko-Biała, Rybnik, Rzeszów and Aleksandrów Łódzki) and property in Warsaw at Królewska 14 Street which was an investment property. Accordingly, all properties have been reclassified to Non-current assets classified as held for sale. Along with properties, liabilities arising from perpetual usufruct of land have been transferred to this item. On 21 March 2025, the Bank entered into a preliminary agreement for the sale of real estate in Warsaw at Królewska 14 St. The final sale agreement for this

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property should be concluded by 30 June 2025. On 26 March 2025, the Bank entered into a sale agreement for real estate in Aleksandrów Łódzki. For the remaining properties, the Bank is still in the process of selling.

Non-current assets held for sale	31.03.2025	31.12.2024
Fixed asset	5 434	10 105
Investment properties	116 518	92 705
Total non-current assets held for sale	121 952	102 810
Liabilities classified as held for sale	31.03.2025	31.12.2024
Financial liabilities measured at amortised cost, including:	30 025	30 940
<i>Lease liabilities</i>	30 025	30 940
Total liabilities classified as held for sale	30 025	30 940

21. Intangible assets

	31.03.2025	31.12.2024
Goodwill	24 228	24 228
Patents, licences and similar assets, including:	1 556 674	1 528 172
- <i>computer software</i>	1 391 181	1 357 439
Other intangible assets	1 001	1 024
Intangible assets under development	423 213	403 269
Total intangible assets	2 005 116	1 956 693

22. Tangible assets

	31.03.2025	31.12.2024
Tangible assets, including:	745 624	729 165
- land	100	100
- buildings and structures	18 681	19 220
- equipment	270 086	254 950
- vehicles	256 235	254 232
- other fixed assets	200 522	200 663
Fixed assets under construction	37 954	80 631
The right to use, including:	643 906	652 015
- real estate	639 917	647 814
- the right of perpetual usufruct of land	844	847
- cars	2 912	3 062
- other	233	292
Total tangible assets	1 427 484	1 461 811

23. Investment properties

The Investment property item included the value of the building at 14 Królewska St. in Warsaw. As of 31 December 2024, due to the commencement of the sales process, the property was reclassified to the position of Non-current assets and disposal groups classified as held for sale.

	31.03.2025	31.12.2024
Fair value at the beginning of the period	-	111 964
Decrease (due to):	-	(111 964)
- transfer to non-current assets classified as held for sale	-	(92 705)
- losses arising from fair value adjustments	-	(19 259)
Fair value at the end of the period	-	-

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24. Other assets

	31.03.2025	31.12.2024
Other financial assets, including:	1 540 883	1 292 939
debtors, including:	1 319 182	1 112 298
- settlements of cash deposit machines and cash sorting companies	552 670	584 077
- settlements of payment cards	2 764	4 382
accrued income	129 067	136 778
interbank balances	73 864	36 422
settlements of securities transactions	18 770	7 441
Other non-financial assets, including:	1 290 545	1 073 401
other accruals	185 618	129 090
inventories	375 640	315 657
non-financial receivables due to final verdicts in legal proceedings relating to loans in foreign currencies	580 435	536 637
other	148 852	92 017
Total other assets	2 831 428	2 366 340

25. Financial liabilities measured at amortised cost**Amounts due to banks and customers**

31.03.2025	Amount due to banks	Amount due to customers	including:		
			Individual customers	Corporate customers	Public sector customers
Deposits	702 277	199 406 122	144 105 077	54 426 448	874 597
Current accounts	563 648	161 065 393	119 428 123	40 817 682	819 588
Term deposits	138 141	37 159 323	24 676 954	12 427 360	55 009
Repo or sell/buy back transactions	488	1 181 406	-	1 181 406	-
Loans and advances received	1 867 011	-	-	-	-
Other financial liabilities	399 845	1 210 814	296 427	914 265	122
Liabilities in respect of cash collaterals	184 807	551 815	45 596	506 219	-
Other	215 038	658 999	250 831	408 046	122
Total financial liabilities measured at amortised cost	2 969 133	200 616 936	144 401 504	55 340 713	874 719
Short-term (up to 1 year)	2 366 297	200 435 504			
Long-term (over 1 year)	602 836	181 432			

31.12.2024	Amount due to banks	Amount due to customers	including:		
			Individual customers	Corporate customers	Public sector customers
Deposits	873 547	199 652 589	141 988 882	56 822 843	840 864
Current accounts	592 100	162 613 821	117 236 227	44 601 511	776 083
Term deposits	103 164	36 108 465	24 752 655	11 291 029	64 781
Repo or sell/buy back transactions	178 283	930 303	-	930 303	-
Loans and advances received	1 929 197	-	-	-	-
Other financial liabilities	256 687	1 156 389	258 715	897 091	583
Liabilities in respect of cash collaterals	125 921	587 753	37 719	549 451	583
Other	130 766	568 636	220 996	347 640	-
Total financial liabilities measured at amortised cost	3 059 431	200 808 978	142 247 597	57 719 934	841 447
Short-term (up to 1 year)	2 436 106	200 599 172			
Long-term (over 1 year)	623 325	209 806			

The Group did not note any violations of contractual terms related to liabilities in respect of loans received.

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The Group presents amounts due to microenterprises provided by Retail Banking of mBank S.A. in the item Amounts due to individual customers.

Debt securities issued

	31.03.2025	31.12.2024
Debt securities issued	10 728 103	12 130 336

As of 31 March 2025, the item 'Liabilities from the issuance of debt securities' includes, among other things, liabilities from the issuance of credit-linked notes (CLN) related to synthetic securitization transactions with a total balance sheet value of PLN 1 483 870 thousand (as of 31 December 2024: PLN 1 511 939 thousand). Synthetic securitization transactions were carried out on portfolios of corporate loans, loans for small and medium-sized enterprises, and retail loans with a total initial nominal value of PLN 27.8 billion. The nominal value of the securitized portfolio as of 31 March 2025, was PLN 19.2 billion.

The Group did not note any violations of contractual terms related to liabilities in respect of issued debt securities.

The detailed information about the CLNs is presented in Note 29 of Consolidated financial statements of mBank S.A. Group for 2024, published on 28 February 2025.

Subordinated liabilities

	31.03.2025	31.12.2024
Subordinated liabilities	1 875 278	2 675 537

On 17 January 2025, the Bank redeemed subordinated bonds issued on 17 December 2014, with a total value of PLN 750 000 thousand. The bonds were redeemed by the Bank at their maturity date. By decision of the KNF, the funds from the bond issuance were included in the Bank's own funds as Tier II capital instruments, with the provision that during the last five years of the maturity period, they were subject to amortization within the meaning of Article 64 of the CRR Regulation.

The Group did not record any delays in the payment of interest instalments and did not breach any other contractual provisions arising from its subordinated obligations.

The detailed information on loans and subordinated bonds is presented in Note 29 of the Consolidated Financial Statements of mBank S.A. Group for 2024, published on 28 February 2025.

26. Other liabilities

	31.03.2025	31.12.2024
Other financial liabilities, including:	4 842 289	3 112 092
Interbank settlements	2 888 685	1 298 257
Creditors, including:	1 558 475	1 377 357
- settlements of payment cards	114 248	69 654
- liabilities payable to BFG	548 442	363 217
Accrued expenses	395 129	436 478
Other non-financial liabilities, including:	1 413 632	1 420 358
Tax liabilities	191 271	145 762
Deferred income	301 690	296 302
Provisions for holiday equivalents	51 539	40 737
Provisions for other liabilities to employees	98 736	234 341
Non-financial liabilities due to final verdicts in legal proceedings relating to loans in foreign currencies	733 793	678 025
Other	36 603	25 191
Total other liabilities	6 255 921	4 532 450

27. Provisions

	31.03.2025	31.12.2024
Provisions for legal proceedings, including:	2 332 303	2 915 310
- provisions for legal proceedings relating to loans in foreign currencies	2 267 231	2 856 705
- provisions for remaining legal proceedings	65 072	58 605
Provisions for commitments and guarantees given	184 338	187 367
Provisions for post-employment benefits	39 321	41 546
Other provisions	147 693	132 948
Provisions, total	2 703 655	3 277 171

The estimated cash flow due to created provisions for legal proceedings and other provisions is expected to crystallise over 1 year.

The description regarding legal risk provisions related to mortgage and housing loans granted to individual customers in CHF is presented in Note 33.

The position Other provisions at the 31 March 2025 includes, among others, the provision set up by mFinanse in connection with the inspection of the Social Insurance Institution in the amount of PLN 66 404 thousand (at the end of 2024: PLN 71 638 thousand). Moreover, this position included provision for the reimbursement of bridging insurance costs charged to customers who was granted mortgage loans for the period before the mortgage was registered in the land register in the amount of PLN 18 759 thousand (31 December 2024: PLN 18 948 thousand).

Movements in the provisions

Change from 1 January to 31 March 2025	Provisions for legal proceedings relating to loans in foreign currencies	Provisions for remaining legal proceedings	Other provisions
Provisions as at the beginning of the period	2 856 705	58 605	132 948
Change in the period, due to:	(589 474)	6 467	14 745
- increase of provisions	151 946	9 109	21 132
- release of provisions	(77)	(2 476)	(5 466)
- utilisation	(995 451)	(97)	(901)
- reclassification to other items of the financial statement	298 611	-	-
- foreign exchange differences	(44 503)	(69)	(20)
Provisions as at the end of the period	2 267 231	65 072	147 693

Change from 1 January to 31 December 2024	Provisions for legal proceedings relating to loans in foreign currencies	Provisions for remaining legal proceedings	Other provisions
Provisions as at the beginning of the period	1 819 606	121 004	177 626
Change in the period, due to:	1 037 099	(62 399)	(44 678)
- increase of provisions	1 959 807	28 867	10 191
- release of provisions	(808)	(11 079)	(25 589)
- utilization	(881 521)	(79 988)	(38 528)
- reclassification to other financial statement items	301	-	9 136
- foreign exchange differences	(40 680)	(199)	112
Provisions as at the end of the period	2 856 705	58 605	132 948

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Movements in provisions for loan commitments, guarantees and other financial facilities

31.03.2025	Stage 1	Stage 2	Stage 3	POCI	TOTAL
LOAN COMMITMENTS					
As at the beginning of the period	42 224	39 806	29 508	1 393	112 931
Changes affecting the profit and loss account, including:	2 888	(541)	(7 365)	1 346	(3 672)
<i>Transfer to Stage 1</i>	8 745	(8 563)	(182)	-	-
<i>Transfer to Stage 2</i>	(2 024)	2 742	(718)	-	-
<i>Transfer to Stage 3</i>	(15)	(398)	413	-	-
<i>Increases due to grants and acquisitions</i>	12 211	3 686	2 652	1 729	20 278
<i>Decreases due to derecognition</i>	(4 226)	(3 549)	(6 673)	(205)	(14 653)
<i>Changes in credit risk (net)</i>	(11 803)	5 541	(2 857)	(178)	(9 297)
Other movements	(82)	(58)	(1 641)	(159)	(1 940)
As at the end of the period	45 030	39 207	20 502	2 580	107 319
GUARANTEES AND OTHER FINANCIAL FACILITIES					
As at the beginning of the period	12 230	2 882	61 354	(2 030)	74 436
Changes affecting the profit and loss account, including:	(1 162)	236	3 979	8	3 061
<i>Transfer to Stage 1</i>	70	(70)	-	-	-
<i>Transfer to Stage 2</i>	(543)	543	-	-	-
<i>Transfer to Stage 3</i>	-	(1)	1	-	-
<i>Increases due to grants and acquisitions</i>	3 559	528	3 149	-	7 236
<i>Decreases due to derecognition</i>	(4 066)	(831)	(283)	-	(5 180)
<i>Changes in credit risk (net)</i>	(182)	67	1 112	8	1 005
Other movements	(181)	(26)	(73)	(198)	(478)
As at the end of the period	10 887	3 092	65 260	(2 220)	77 019
TOTAL	55 917	42 299	85 762	360	184 338

31.12.2024	Stage 1	Stage 2	Stage 3	POCI	TOTAL
LOAN COMMITMENTS					
As at the beginning of the period	43 017	36 429	22 178	752	102 376
Changes affecting the profit and loss account, including:	(721)	3 416	6 967	828	10 490
<i>Transfer to Stage 1</i>	33 129	(32 144)	(985)	-	-
<i>Transfer to Stage 2</i>	(5 987)	8 108	(2 121)	-	-
<i>Transfer to Stage 3</i>	(84)	(2 107)	2 191	-	-
<i>Increases due to grants and acquisitions</i>	52 953	10 383	15 328	1 177	79 841
<i>Decreases due to derecognition</i>	(27 107)	(13 827)	(45 112)	(926)	(86 972)
<i>Changes in credit risk (net)</i>	(53 625)	33 003	37 666	577	17 621
Other movements	(72)	(39)	363	(187)	65
As at the end of the period	42 224	39 806	29 508	1 393	112 931
GUARANTEES AND OTHER FINANCIAL FACILITIES					
As at the beginning of the period	4 458	1 344	92 890	(3 650)	95 042
Changes affecting the profit and loss account, including:	7 785	1 545	(31 472)	(189)	(22 331)
<i>Transfer to Stage 1</i>	762	(762)	-	-	-
<i>Transfer to Stage 2</i>	(602)	602	-	-	-
<i>Transfer to Stage 3</i>	(26)	(53)	79	-	-
<i>Increases due to grants and acquisitions</i>	15 190	2 720	16 645	-	34 555
<i>Decreases due to derecognition</i>	(4 344)	(1 199)	(27 085)	-	(32 628)
<i>Changes in credit risk (net)</i>	(3 195)	237	(21 111)	(189)	(24 258)
Other movements	(13)	(7)	(64)	1 809	1 725
As at the end of the period	12 230	2 882	61 354	(2 030)	74 436
TOTAL	54 454	42 688	90 862	(637)	187 367

28. Assets and liabilities for deferred income tax

Deferred income tax assets	31.03.2025	31.12.2024
As at the beginning of the period	2 536 367	2 592 129
Changes recognised in the income statement	(71 727)	12 906
Changes recognised in other comprehensive income	(16 077)	(64 658)
Other changes	(4 622)	(4 010)
As at the end of the period	2 443 941	2 536 367
Offsetting effect	(1 289 912)	(1 172 350)
As at the end of the period, net	1 154 029	1 364 017

Provisions for deferred income tax	31.03.2025	31.12.2024
As at the beginning of the period	(1 172 350)	(1 212 589)
Changes recognised in the income statement	(117 305)	42 183
Changes recognised in other comprehensive income	(992)	(1 065)
Other changes	735	(879)
As at the end of the period	(1 289 912)	(1 172 350)
Offsetting effect	1 289 912	1 172 350
As at the end of the period, net	-	-

Income tax	from 01.01.2025 to 31.03.2025	from 01.01.2024 to 31.03.2024
Current income tax	(94 757)	12 513
Deferred income tax recognised in the income statement	(189 032)	(182 653)
Income tax recognised in the income statement	(283 789)	(170 140)
Income tax recognised in other comprehensive income	(17 069)	(15 916)
Total income tax	(300 858)	(186 056)

29. Retained earnings

Retained earnings include other supplementary capital, other reserve capital, general banking risk reserve, profit from the previous years and profit for the current year.

Other supplementary capital, other reserve capital and general banking risk reserve are created from profit for the current year and their aim is described in the by-laws or in other regulations of the law.

	31.03.2025	31.12.2024
Other supplementary capital	9 028 877	8 846 613
Other reserve capital	114 642	111 352
General banking risk reserve	1 153 753	1 153 753
Profit from the previous year	2 603 497	542 516
Profit for the current year	705 671	2 243 245
Total retained earnings	13 606 440	12 897 479

According to the Polish legislation, each Bank is required to allocate 8% of its net profit to a statutory undistributable other supplementary capital until this supplementary capital reaches 1/3 of the share capital.

In addition, the Group transfers some of its net profit to the general banking risk reserve to cover unexpected risks and future losses. The general banking risk reserve can be distributed only on consent of shareholders at a general meeting.

30. Other components of equity

	31.03.2025	31.12.2024
Exchange differences on translating foreign operations	(33 762)	(33 787)
Unrealised gains (foreign exchange gains)	786	6 292
Unrealised losses (foreign exchange losses)	(34 548)	(40 079)
Cash flow hedges	(84 502)	(121 857)
Unrealised gains	8 538	10 600
Unrealised losses	(112 861)	(161 041)
Deferred income tax	19 821	28 584
Cost of hedge	(1 300)	(621)
Unrealised losses	(1 605)	(767)
Deferred income tax	305	146
Valuation of debt instruments at fair value through other comprehensive income	(53 423)	(89 504)
Unrealised gains on debt instruments	35 273	26 504
Unrealised losses on debt instruments	(101 201)	(136 978)
Deferred income tax	12 505	20 970
Actuarial gains and losses relating to post-employment benefits	(21 953)	(21 953)
Actuarial gains	386	386
Actuarial losses	(27 488)	(27 488)
Deferred income tax	5 149	5 149
Reclassification to investment properties	11 436	11 436
Unrealised gains on reclassification to investment properties	14 118	14 118
Deferred income tax	(2 682)	(2 682)
Total other components of equity	(183 504)	(256 286)

31. Additional components of equity

On 6 December 2024, the Bank issued capital bonds with a total nominal value of PLN 1.5 billion (AT1 Bonds).

The AT1 Bonds were issued as capital bonds within the meaning of the Act on Bonds of 15 January 2015, in order to qualify them as additional instruments in Tier I capital (Additional Tier I). The bonds meet the requirements resulting from, among others, Article 52 of CRR Regulation. On 31 December 2024, the Bank received a decision of the Polish Financial Supervision Authority on the consent to qualify the bonds to own funds as additional instruments in Tier I capital.

The interest rate on AT1 Bonds is fixed for a period of five years, then set for subsequent five-year periods as the sum of the current PLN Swap 5Y rate and a fixed credit margin of 6.00 percentage points. The interest rate for the first five-year period is 10.63% per annum. Interest payments may be made only from Available Distributable Items.

AT1 Bonds are bonds without a specified redemption date, entitling to receive interest for an indefinite period, provided that the Bank may make an earlier redemption based on conditions stipulated the Terms & Conditions.

AT1 Bonds have a built-in loss absorption mechanism, in the form of a temporary reduction of the nominal value of the bond (temporary write-down) with a discretionary mechanism to increase the current nominal value of the bond (write-up). Furthermore, the Bank, in each case, at its discretion, may decide to write down all or part of the interest.

AT1 Bonds are bearer bonds. AT1 Bonds were introduced to the alternative trading system on Catalyst operated by the Warsaw Stock Exchange.

32. Fair value of asset and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction of selling the asset or transferring a liability occurs either on the main market for

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the asset or liability, or in the absence of a main market, for the most advantageous market for the asset or liability.

In line with IFRS 9, for accounting purposes, the Group determines the valuation of its assets and liabilities through amortised cost or through fair value. In addition, for the positions that are valued through amortised cost, there is calculated and disclosed the fair value, but only for disclosure purposes – according to IFRS 7.

The approach to the method used for the loans that are fair valued in line of IFRS 9 requirements, is described in Note 3.3.7 to Consolidated Financial Statements of mBank Group for 2024, published on 28 February 2025.

Following market practices the Group values open positions in financial instruments using either the mark to-market approach or is applying pricing models well established in market practice (mark-to-model method) which use as inputs market prices or market parameters, and in few cases, parameters estimated internally by the Group. All significant open positions in derivatives are valued by marked-to-model using prices and parameters observable in the market. Domestic commercial papers are marked to model (by discounting cash flows), which in addition to market interest rate curve uses credit spreads estimated internally.

For disclosure purposes, the Group assumed that the fair value of short-term financial liabilities (less than 1 year) is equal to the balance sheet values of such items. In addition, the Group assumes that the estimated fair value of financial liabilities longer than 1 year is based on discounted cash flows using appropriate interest rates.

Financial assets and liabilities at amortised cost

The following table presents a summary of balance sheet values and fair values for each group of financial assets and liabilities not recognised in the statement of financial position of the Group at their fair values.

	31.03.2025		31.12.2024	
	Book value	Fair value	Book value	Fair value
Financial assets at amortised cost				
Debt securities	40 108 843	39 323 275	33 965 644	32 805 083
Loans and advances to banks	18 791 826	18 800 153	9 738 457	9 747 437
Loans and advances to customers, including:	127 307 414	128 079 753	120 888 776	121 675 187
Individual customers	69 173 029	70 822 497	68 183 621	69 840 225
Current accounts	6 951 091	7 284 780	6 816 927	7 150 920
Term loans	62 153 553	63 469 332	61 268 200	62 590 811
Other	68 385	68 385	98 494	98 494
Corporate customers	58 012 146	57 145 746	52 581 735	51 722 980
Current accounts	7 929 809	7 727 781	6 732 692	6 511 709
Term loans including finance lease	41 643 444	40 979 072	41 057 616	40 419 844
Reverse repo or buy/sell back transactions	4 346 503	4 346 503	1 029 492	1 029 492
Other loans and advances	3 942 085	3 942 085	3 638 641	3 638 641
Other	150 305	150 305	123 294	123 294
Public sector customers	122 239	111 510	123 420	111 982
Financial liabilities at amortised cost				
Amounts due to other banks	2 969 133	2 969 133	3 059 431	3 059 431
Amounts due to customers	200 616 936	200 615 721	200 808 978	200 807 266
Debt securities in issue	10 728 103	10 623 049	12 130 336	12 035 319
Subordinated liabilities	1 875 278	1 848 192	2 675 537	2 648 702

The following sections present the key assumptions and methods used by the Group for estimation of the fair values of financial instruments.

Loans and advances to banks and loans and advances to customers

The fair value for loans and advances to banks and loans and advances to customers is disclosed as the estimated value of future cash flows (including the effect of prepayments) using current interest rates, taking into account the level of the credit spread, the cost of liquidity and the cost of capital. The level of credit spread is determined based on market quotation of median credit spreads for Moody's rating grade. Attribution of a credit spread to a given credit exposure is based on a mapping between Moody's rating grade and internal rating grades of the Bank. To reflect the fact that the majority of the Group's exposures is collateralised whereas the median of market quotation is centred around unsecured issues, the Group applied appropriate adjustments. Moreover, as the benchmark for valuation of mortgage loans in PLN fair

value of mortgage loans classified as valuated through fair value in accordance with IFRS 9 was used, with an adjustment relating to credit quality of the portfolio. For exposures in mBank Hipoteczny the adjustment included also a factor relating to the gap in revenue margin between the valuated portfolio and the portfolio of similar loans in mBank.

Financial liabilities

Financial instruments representing liabilities for the Group include the following:

- contracted borrowings,
- current accounts and deposits,
- issues of debt securities,
- subordinated liabilities.

The fair value for these financial liabilities with more than 1 year to maturity is based on discounted cash flows by the use of discounting factor including an estimation of a spread reflecting the credit spread for mBank and the liquidity margin. For the loans received from European Investment Bank in EUR and in CHF the Group used the EBI yield curve. With regard to the own issue as part of the EMTN programme the market price of the relevant financial services has been used.

In the case of deposits, the Group has applied the curve constructed on the basis of quotations of money market rates as well as FRA and IRS contracts for appropriate currencies and maturities. In case of subordinated liabilities, the valuation is based on discounted cash flows using market swap curves (depending on the terms of issue) adjusted for the issuer's credit risk.

In the case of a bond related to credit risk – Credit Linked Notes the Group for the valuation uses the method of discounting the expected cash flows from bonds. In the part related to the discounting factor, the valuation also includes a component that takes into account mBank Group's credit spread and a liquidity margin. Due to the fact that the bondholders are secured in terms of the issuer's credit risk with the deposited securities, an assumption was made that these parameters would remain unchanged during the life of the bond.

In case of covered bonds and other debt securities issued by mBank Hipoteczny, for the purpose of the disclosures swap curves and forecasted initial spreads for certain issues are used.

The Group assumed that the fair values of these instruments with less than 1 year to maturity was equal to the carrying amounts of the instruments.

According to the fair value methodology applied by the Group, financial assets and liabilities are classified as follows:

- Level 1: prices quoted on active markets for the same instrument (without modification),
- Level 2: prices quoted on active markets for the similar instruments or other valuation techniques for which all significant input data are based on observable market data,
- Level 3: valuation methods for which at least one significant input data is not based on observable market data.

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The table below presents the fair value hierarchy of financial assets and liabilities measured at fair value in accordance with the assumptions and methods described above, exclusively for disclosure as at 31 March 2025 and as at 31 December 2024.

31.03.2025	Including:	Level 1	Level 2	Level 3
		Quoted prices in active markets	Valuation techniques based on observable market data	Other valuation techniques
VALUATION ONLY FOR PURPOSES OF DISCLOSURE				
FINANCIAL ASSETS				
Debt securities	39 323 275	36 224 140	-	3 099 135
Loans and advances to banks	18 800 153		-	18 800 153
Loans and advances to customers	128 079 753	-	-	128 079 753
Total financial assets	186 203 181	36 224 140	-	149 979 041
FINANCIAL LIABILITIES				
Amounts due to banks	2 969 133		1 867 011	1 102 122
Amounts due to customers	200 615 721		179 900	200 435 821
Debt securities issued	10 623 049	7 488 866		3 134 183
Subordinated liabilities	1 848 192		-	1 848 192
Total financial liabilities	216 056 095	7 488 866	2 046 911	206 520 318
31.12.2024	Including:	Level 1	Level 2	Level 3
		Quoted prices in active markets	Valuation techniques based on observable market data	Other valuation techniques
VALUATION ONLY FOR PURPOSES OF DISCLOSURE				
FINANCIAL ASSETS				
Debt securities	32 805 083	29 937 653	-	2 867 430
Loans and advances to banks	9 747 437	-	-	9 747 437
Loans and advances to customers	121 675 187	-	-	121 675 187
Total financial assets	164 227 707	29 937 653	-	134 290 054
FINANCIAL LIABILITIES				
Amounts due to banks	3 059 431	-	1 928 928	1 130 503
Amounts due to customers	200 807 266	-	208 067	200 599 199
Debt securities issued	12 035 319	7 550 558	-	4 484 761
Subordinated liabilities	2 648 702	-	-	2 648 702
Total financial liabilities	218 550 718	7 550 558	2 136 995	208 863 165

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Financial assets and liabilities at fair value and investment properties

The following table presents the hierarchy of fair values of financial assets and liabilities recognised in the statement of financial position of the Group at their fair values.

31.03.2025	Including:	Level 1	Level 2	Level 3				
		Quoted prices in active markets	Valuation techniques based on observable market data	Other valuation techniques				
RECURRING FAIR VALUE MEASUREMENTS								
Financial assets								
Financial assets held for trading and hedging derivatives	2 776 212	1 872 602	634 780	268 830				
Loans and advances to customers	43 948	-	-	43 948				
Debt securities	2 086 314	1 861 432	-	224 882				
Equity instruments	11 170	11 170	-	-				
Derivative instruments, including:	634 780	-	634 780	-				
Derivative instruments held for trading	694 000	-	694 000	-				
Hedging derivative instruments	503 486	-	503 486	-				
Offsetting effect	(562 706)	-	(562 706)	-				
Non-trading financial assets mandatorily at fair value through profit or loss	803 634	952	-	802 682				
Loans and advances to customers	464 289	-	-	464 289				
Debt securities	32 604	-	-	32 604				
Equity securities	306 741	952	-	305 789				
Financial assets at fair value through other comprehensive income	31 699 082	21 854 839	8 492 255	1 351 988				
Debt securities	31 699 082	21 854 839	8 492 255	1 351 988				
Total financial assets	35 278 928	23 728 393	9 127 035	2 423 500				
Financial liabilities								
Financial liabilities held for trading and hedging derivative financial instruments	1 729 580	884 543	804 437	40 600				
Derivative instruments, including:	845 037	-	804 437	40 600				
Derivative instruments held for trading	907 764	-	907 764	-				
Hedging derivative instruments	439 700	-	399 100	40 600				
Offsetting effect	(502 427)	-	(502 427)	-				
Liabilities from short sale of securities	884 543	884 543	-	-				
Total financial liabilities	1 729 580	884 543	804 437	40 600				
Financial assets measured at fair value and investment properties at Level 3 - changes from 1 January to 31 March 2025	Financial assets held for trading and hedging derivatives			Non-trading financial assets mandatorily at fair value through profit or loss		Debt securities at fair value through other comprehensive income	Investment properties	
	Loans and advances	Debt securities	Derivative financial instruments	Loans and advances	Debt securities			Equity securities
As at the beginning of the period	42 972	255 878	(24 067)	486 850	31 204	367 091	1 249 425	-
Gains and losses for the period:	2 223	958	(16 533)	(646)	1 400	20 762	(527)	-
Recognised in profit or loss:	2 223	958	(25 575)	(646)	1 400	20 762	-	-
<i>Net trading income</i>	2 223	958	(25 575)	-	(2 036)	(62)	-	-
<i>Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss</i>	-	-	-	(646)	3 436	16 162	-	-
<i>Other operating income/other operating expenses</i>	-	-	-	-	-	4 662	-	-
Recognised in other comprehensive income:	-	-	9 042	-	-	-	(527)	-
<i>Financial assets at fair value through other comprehensive income</i>	-	-	-	-	-	-	(527)	-
<i>Cash flow hedges</i>	-	-	9 042	-	-	-	-	-
Purchases / origination	-	84 185	-	8 154	-	-	145 480	-
Redemptions / total repayments	-	(660)	-	(23 739)	-	-	(17 375)	-
Sales	-	(1 081 676)	-	-	-	-	(260 703)	-
Issues	-	966 197	-	-	-	-	235 688	-
Change in the scope of consolidation	-	-	-	-	-	(82 064)	-	-
Other changes	(1 247)	-	-	(6 330)	-	-	-	-
As at the end of the period	43 948	224 882	(40 600)	464 289	32 604	305 789	1 351 988	

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31.12.2024	Including:	Level 1	Level 2	Level 3
		Quoted prices in active markets	Valuation techniques based on observable market data	Other valuation techniques
RECURRING FAIR VALUE MEASUREMENTS				
Financial assets				
Financial assets held for trading and hedging derivatives	1 840 714	931 871	609 993	298 850
Loans and advances to customers	42 972	-	-	42 972
Debt securities	1 176 347	920 469	-	255 878
Equity instruments	11 402	11 402	-	-
Derivative instruments, including:	609 993	-	609 993	-
Derivative instruments held for trading	777 994	-	777 994	-
Hedging derivative instruments	397 537	-	397 537	-
Offsetting effect	(565 538)	-	(565 538)	-
Non-trading financial assets mandatorily at fair value through profit or loss	925 786	40 641	-	885 145
Loans and advances to customers	486 850	-	-	486 850
Debt securities	31 204	-	-	31 204
Equity securities	407 732	40 641	-	367 091
Financial assets at fair value through other comprehensive income	34 588 843	18 510 457	14 828 961	1 249 425
Debt securities	34 588 843	18 510 457	14 828 961	1 249 425
Total financial assets	37 355 343	19 482 969	15 438 954	2 433 420
Financial liabilities				
Financial liabilities held for trading and hedging derivative financial instruments	1 094 037	345 710	724 260	24 067
Derivative instruments, including:	748 327	-	724 260	24 067
Derivative instruments held for trading	829 434	-	829 434	-
Hedging derivative instruments	643 552	-	619 485	24 067
Offsetting effect	(724 659)	-	(724 659)	-
Liabilities from short sale of securities	345 710	345 710	-	-
Total financial liabilities	1 094 037	345 710	724 260	24 067

Financial assets measured at fair value and investment properties at Level 3 - changes from 1 January to 31 December 2024	Financial assets held for trading and hedging derivatives			Non-trading financial assets mandatorily at fair value through profit or loss			Debt securities at fair value through other comprehensive income	Investment properties
	Loans and advances	Debt securities	Derivative financial instruments	Loans and advances	Debt securities	Equity securities		
As at the beginning of the period	40 498	237 507	(38 445)	603 713	50 144	244 048	1 277 313	111 964
Gains and losses for the period:	2 438	1 339	14 378	450	6 788	58 113	13 200	(19 259)
Recognised in profit or loss:	2 438	1 339	(21 502)	450	6 788	58 113	-	(19 259)
<i>Net trading income</i>	2 438	1 339	(21 502)	-	1 262	(28)	-	-
<i>Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss</i>	-	-	-	450	5 526	43 712	-	-
<i>Other operating income/other operating expenses</i>	-	-	-	-	-	14 429	-	(19 259)
Recognised in other comprehensive income:	-	-	35 880	-	-	-	13 200	-
<i>Financial assets at fair value through other comprehensive income</i>	-	-	-	-	-	-	13 200	-
<i>Cash flow hedges</i>	-	-	35 880	-	-	-	-	-
Purchases / origination	-	524 173	-	16 252	-	64 930	1 352 370	-
Redemptions / total repayments	-	(39 946)	-	(110 736)	-	-	(389 019)	-
Sales	-	(2 504 969)	-	-	-	-	(1 532 607)	-
Issues	-	2 037 774	-	-	-	-	528 168	-
Reclassification to other positions	-	-	-	-	-	-	-	(92 705)
Other changes	36	-	-	(22 829)	(25 728)	-	-	-
As at the end of the period	42 972	255 878	(24 067)	486 850	31 204	367 091	1 249 425	-

During first quarter of 2025 and in 2024 there were no transfers of financial instruments between the levels of fair value hierarchy.

With regard to financial instruments valued in repetitive way to the fair value classified as level 1 and 2 in hierarchy of fair value, any cases in which transfer between these levels may occur, are monitored by the Bank on the basis of internal rules. In case if there is no market price used to a direct valuation for more than 5 working days, the method of valuation is changed, i.e. change from marked-to-market valuation to marked-to-model valuation under the assumption that the valuation model for the respective type of this instrument has been already approved. The return to marked-to-market valuation method takes place after a period of at least 10 working days in which the market price was available on a continuous basis. If there are no market prices for a debt treasury bonds the above terms are respectively 2 and 5 working days.

Level 1

As at 31 March 2025 at level 1 of the fair value hierarchy, the Group has presented the fair value of held for trading government bonds in the amount of PLN 1 861 432 thousand and the fair value of government bonds and treasury bills measured at fair value through other comprehensive income in the amount of PLN 21 854 839 thousand (31 December 2024: PLN 920 469 thousand and PLN 17 637 073 thousand, respectively). Moreover as at 31 December 2024 level 1 included the fair values of corporate bonds in the amount of PLN 873 384 thousand.

In addition, as at 31 March 2025 level 1 includes the value of the registered privileged shares of Giełda Papierów Wartościowych in the amount of PLN 952 thousand (31 December 2024: PLN 849 thousand) and equity instruments in the amount of PLN 11 170 thousand (31 December 2024: PLN 11 402 thousand). Moreover as at 31 December 2024 level 1 included stock of Visa Inc. in the amount of PLN 39 792 thousand.

As at 31 March 2025 level 1 also includes liabilities from short sale of securities quoted on active markets in the amount of PLN 884 543 thousand (31 December 2024: PLN 345 710 thousand).

These instruments are classified as level 1 because their valuation is directly derived by applying current market prices quoted on active and liquid financial markets.

Level 2

As at 31 March 2025 level 2 of the fair value hierarchy mainly includes the fair values of bills issued by NBP in the amount of PLN 8 492 255 thousand (31 December 2024: PLN 14 828 961 thousand), valuation of which is based on a NPV model (discounted future cash flows) fed with interest rate curves generated by transformation of quotations taken directly from active and liquid financial markets.

In addition, the level 2 category includes the valuation of derivative financial instruments borne on models consistent with market standards and practices, using parameters taken directly from the markets (e.g. foreign exchange rates, implied volatilities of FX options, stock prices and indices) or parameters which transform quotations taken directly from active and liquid financial markets (e.g. interest rate curves).

Level 3

As at 31 March 2025 level 3 of the hierarchy presents the fair values of commercial debt securities issued by local banks and companies in the amount of PLN 1 609 474 thousand (31 December 2024: PLN 1 536 507 thousand).

Model valuation for these items assumes a valuation based on the market interest rate yield curve adjusted by the level of credit spread. The credit spread parameter reflects the credit risk of the security issuer and is determined in accordance with the Bank's internal model. This model uses credit risk parameters (e.g. PD, LGD) and information obtained from the market (including implied spreads from transactions). PD and LGD parameters are not observed on active markets and therefore have been determined on the basis of statistical analysis. Both models – the valuation of debt instruments and the credit spread model were built internally in the Bank by risk units, were approved by the Model Risk Committee and are subject to periodic monitoring and validation carried out by an entity independent of the units responsible for building and maintaining the model.

Level 3 as at 31 March 2025 includes the value of loans and advances to customers in the amount of PLN 508 237 thousand (31 December 2024: PLN 529 822 thousand). The fair value calculation process for loans and advances to customers is described in detail in the Note 3.3.7 of Consolidated financial statement of mBank S.A. Group for 2024, published on 28 February 2025.

Moreover, as at 31 March 2025 level 3 covers mainly the fair value of equity securities amounting to PLN 305 789 thousand (31 December 2024: PLN 367 091 thousand). The equity instruments presented at level 3 have been valued using the dividend discount model. The valuations were predominantly prepared based on selected financial figures provided by valued entities and discounted with the cost of equity

mBank S.A. Group

Consolidated financial report for the first quarter of 2025

Condensed consolidated financial statement of mBank S.A. for the first quarter of 2025

(PLN thousand)

estimated using CAPM model (Capital Asset Pricing Model). At the end of the first quarter of 2025, the cost of equity was estimated in the range from 11.6% to 12.1% (as at the end of 2024: in the range from 11.8% to 12.3%). Additionally, part of the forecasts assuming growth above the average market growth were discounted with the cost of equity at the level of 25%.

Level 3 includes the valuation of CIRS contracts concluded under cash flow hedge accounting of the PLN mortgage loan portfolio and covered bonds issued by mBank Hipoteczny (Note 16). As at 31 March 2025 the valuation of these contracts in the liabilities amounted to PLN 40 600 thousand (31 December 2024: PLN 24 067 thousand).

The table below presents the sensitivity of the fair value measurement to the change of unobservable parameters used in the models for debt financial instruments measured at fair value at Level 3.

Portfolio	Fair value 31.03.2025	Sensitivity to change of unobservable parameter		Description
		(-)	(+)	
Equity instruments	305 789	(22 727)	28 225	The valuation model uses the cost of own capital as the unobservable discount parameter. Sensitivity was calculated assuming a change in the own capital by 100 bp. As the value of the parameter increases, the Bank expects a loss (-), as it decreases, the Bank expects a profit (+).
Corporate debt securities measured at fair value through other comprehensive income	1 351 988	(32 802)	32 802	The unobservable parameter is the credit spread. Sensitivity was calculated assuming a change in the credit spread by 100 bp. As the value of the parameter increases, the Bank expects a loss (-), as it decreases, the Bank expects a profit (+).
Corporate debt securities measured at fair value through profit or loss	224 882	(4 294)	4 294	
Loans and advances to customers held for trading	43 948	(72)	65	The valuation model uses credit risk parameters (PD and LGD). Sensitivity was calculated assuming a change in PD and LGD by +/- 10%. As the value of the parameter increases, the Bank expects a loss (-), as it decreases, the Bank expects a profit (+).
Loans and advances to customers mandatorily at fair value through profit or loss	464 289	(5 972)	5 994	

Portfolio	Fair value 31.12.2024	Sensitivity to change of unobservable parameter		Description
		(-)	(+)	
Equity instruments	367 091	(21 197)	26 235	The valuation model uses the cost of own capital as the unobservable discount parameter. Sensitivity was calculated assuming a change in the own capital by 100 bp. As the value of the parameter increases, the Bank expects a loss (-), as it decreases, the Bank expects a profit (+).
Corporate debt securities measured at fair value through other comprehensive income	1 249 425	(27 509)	27 509	The unobservable parameter is the credit spread. Sensitivity was calculated assuming a change in the credit spread by 100 bp. As the value of the parameter increases, the Bank expects a loss (-), as it decreases, the Bank expects a profit (+).
Corporate debt securities measured at fair value through profit or loss	255 878	(3 948)	3 948	
Loans and advances to customers held for trading	42 972	(152)	137	The valuation model uses credit risk parameters (PD and LGD). Sensitivity was calculated assuming a change in PD and LGD by +/- 10%. As the value of the parameter increases, the Bank expects a loss (-), as it decreases, the Bank expects a profit (+).
Loans and advances to customers mandatorily at fair value through profit or loss	486 850	(6 444)	6 377	

33. Legal risk related to mortgage and housing loans granted to individual customers indexed to CHF and other foreign currencies

Introduction

In recent years, a significant number of individual customers who took out mortgage and housing loans in CHF and other foreign currencies, challenged in court some of the provisions or entire agreements on the basis of which the Bank granted these loans. In the case law, there were divergences in the evaluation of contractual provisions introducing an indexation mechanism and the consequences of determining their abusiveness (ineffectiveness), and the rulings are almost exclusively unfavourable to the Bank.

The carrying amount of mortgage and housing loans granted to natural persons in CHF as of 31 March 2025 amounted to PLN 217.3 million (i.e. CHF 49.5 million) compared to PLN 665.6 million (i.e. CHF 146.7 million) as of 31 December 2024.

The carrying amount of mortgage and housing loans granted to natural persons in other foreign currencies by mBank in Poland as of 31 March 2025 amounted to PLN 1 075.6 million, compared to PLN 1 170.0 million in 31 December 2024.

The volume of the portfolio of loans indexed to CHF granted to natural persons in Poland (i.e., the sum of loan tranches disbursed to customers), taking into account the exchange rate on the date of disbursement of individual loan tranches, amounted to PLN 19.5 billion (85.5 thousand loan agreements). The volume of the portfolio of loans indexed to other foreign currencies granted to natural persons in Poland, taking into account the exchange rate on the date of disbursement of individual loan tranches, amounted to PLN 4.1 billion (13.4 thousand loan agreements).

	31.03.2025		31.12.2024	
	PLN billion	Number of loan contracts (thousand)	PLN billion	Number of loan contracts (thousand)
The volume of the portfolio of loans indexed to CHF granted to natural persons in Poland that were active taking into account the exchange rate on the date of disbursement of individual loan tranches	3.8	12.8	4.8	16.4
The volume of the portfolio of loans indexed to other foreign currencies granted to natural persons in Poland that were active taking into account the exchange rate on the date of disbursement of individual loan tranches	2.1	6.4	2.2	6.7
The volume of the portfolio of loans indexed to CHF granted to natural persons in Poland that were inactive taking into account the exchange rate on the date of disbursement of individual loan tranches, of which:	15.7	72.7	14.7	69.1
- Fully repaid loans	6.4	36.2	6.6	37.4
- Settled loans	6.3	26.1	5.5	22.9
- Loans after final verdict	3.0	10.4	2.6	8.8

Due to the significance of the legal issues related to the foreign currencies loan portfolio for the financial position of mBank Group as at 31 March 2025, detailed information is presented below regarding these lawsuits, significant judgments, which, in the Bank's opinion, may affect the future ruling on loans indexed to foreign currencies, proposed potential settlements with customers, accounting principles for the recognition of legal risk related to these court cases and the settlement program, as well as information on the impact of legal risk related to these court cases on the balance sheet and profit or loss account of mBank Group and the methodology used to determine this impact.

Individual court cases against the Bank concerning loans indexed to CHF and other foreign currencies

As of 31 March 2025, the Bank observed currently pending individual lawsuits and class actions regarding 12 791 loan agreements indexed to CHF including of which 9 914 active loan agreements and 2 877 repaid loan agreements (as of 31 December 2024: 15 996 of which 12 547 active and 3 449 repaid loans). Additionally, as of 31 March 2025, the Bank observed individual lawsuits regarding 633 loan agreements indexed to other foreign currencies including of which 528 active loan agreements and 105 repaid loan agreements (as of 31 December 2024: 683 of which 578 active and 105 repaid loans).

As of 31 March 2025, mBank received and executed final rulings in individual lawsuits concerning 10 568 loan agreements indexed to CHF (31 December 2024: 8 916 loans), out of which 148 rulings were favourable to the Bank and 10 420 rulings were unfavourable (31 December 2024: 118 rulings favourable and 8 798 unfavourable). Additionally, as of 31 March 2025, mBank received final rulings in individual lawsuits concerning 140 loan agreements indexed to other foreign currencies (31 December 2024: 102 loans), out of which 3 rulings were favourable to the Bank and 137 rulings were unfavourable (31 December 2024: 5 rulings favourable and 97 unfavourable).

Approximately 96% of unfavourable verdicts led to the invalidation of the loan agreement, others led to the conversion of the agreement into PLN + LIBOR/WIBOR and substitution of FX clause by the fixing rate of the NBP.

Class action against mBank S.A. concerning indexation clauses

On 4 April 2016, the Bank was also sued by the Municipal Consumer Ombudsman representing a group of 1 731 individuals – retail banking customers who entered into mortgage loan agreements indexed to CHF.

The lawsuit contains alternative claims for declaring the loan agreements partially invalid, i.e. with respect to the indexation provisions or for declaring the agreements invalid in their entirety or for declaring the indexation provisions of the agreements invalid due to the fact that they allow the loan to be valorised above 20% and below 20% of the CHF exchange rate from mBank S.A. table of exchange rates in effect on the date each of the loan agreements was concluded.

On 6 November 2024, the Court of First Instance handed down a judgment in which it discontinued the proceedings with respect to the class members who had reached settlements and those who had obtained judgments in individual cases, and to the remaining extent declared the agreements invalid. The judgment of the Court of First Instance, insofar as the court declared the loan agreements of the class members invalid, is not final. Currently, the case is being handled by the Court of Appeal in Łódź. The date for the next appellate hearing has been set for 9 June 2025.

More details about the class action lawsuit against mBank S.A. regarding indexation clauses are presented in Note 34 of the Consolidated Financial Statements of the mBank S.A. Group for the year 2024, published on 28 February 2025. The details of the methodology and calculation are described further in this note.

Information on the most important court proceedings regarding loans indexed to foreign currency

Jurisprudence on loans indexed to foreign currency exchange rates has evolved over recent years, primarily influenced by the rulings of the Court of Justice of the European Union (CJEU) and the Supreme Court (SC), which have become unified, leading to decisions largely favourable to consumers. A full description of the case law of the CJEU and the Supreme Court regarding loans indexed to foreign currency is presented in Note 34 of the Consolidated Financial Statements of the mBank S.A. Group for the year 2024, published on 28 February 2025.

Among the many rulings, the CJEU judgment of 3 October 2019, in case C-260/18 should be highlighted, in which it indicated that the issue of the abusiveness of contracts should be decided by national courts. The CJEU pointed that the invalidity of a contract may be unfavourable for the client and ruled out the possibility of applying general provisions referring to custom or principles of equity. In its judgment of 15 June 2023, in case C-520/21, the CJEU ruled that bank is not entitled to demand compensation from the consumer beyond the return of the principal paid for the performance of that agreement and beyond the payment of statutory default interest from the date of the demand for payment.

In its resolution of 16 February 2021, in case III CZP 11/20, the Supreme Court stated that in the event of the invalidity of a loan agreement, the appropriate method for settling the parties' claims is the theory of two conditions, which involves the separate settlement of claims of both parties to the loan agreement – the borrower and the bank. In its resolution of 7 May 2021 (III CZP 6/21) the Supreme Court stated that the prohibited contractual provision is from the very beginning, by virtue of law ineffective for the benefit of the consumer, who may subsequently grant informed and free consent to this provision and thus restore its effectiveness retroactively. The bank may request the return of the benefit from the moment the loan agreement becomes permanently ineffective.

Resolution of the Full Court of the Civil Chamber of the Supreme Court of 25 April 2024 in the case III CZP 25/22 confirmed the previous position of the judiciary and additionally indicated that the consumer's declaration should not give rise to any doubts as to the consumer's intentions and lack of intention to be bound by the prohibited provision and does not require any special form in order to be effective.

On 14 December 2023, the CJEU in case C-28/22 not permissible is situation in which the limitation period for the business entity's claims begins to run only from the date on which the contract becomes permanently ineffective, while the limitation period for the consumer's claims begins to run at the moment when he/she learned or should have learned about the unfair nature of the contract provision giving rise to invalidity.

These judgments have opened up a debate for national courts as to what moment should be considered as the beginning of the limitation period for a bank's claim. Issues related to this matter are currently the subject of numerous preliminary rulings in the CJEU, including cases C-767/24, and C-752/24. The Bank is monitoring the development of case law in this area.

On 6 February 2025, the draft act on special solutions for the recognition of cases concerning credit agreements denominated or indexed to the CHF was posted on the website of the Government Legislative Center. The draft is currently in the public consultation phase. The Bank will follow the legislative process.

Settlement program

On 26 September 2022, the Bank decided to launch the settlement program for borrowers who have active CHF indexed loan including borrowers currently in court dispute with the Bank based on the assumptions presented by the PFSA's Chairman. Over time, the program was expanded to cover all loans indexed to foreign currencies.

Settlements terms are individually negotiated with customers, which allows them to be tailored to the specific needs and expectations of each party. This makes the negotiation process flexible and takes into account various financial aspects and the personal situations of clients, enabling the development of beneficial solutions.

Settlements, due to the noticeable effectiveness of this process, are mainly signed out of court mode. However, for any client who expresses such a wish, the Bank allows for the conclusion of a court settlement or at an arbitration court.

As of 31 March 2025, the Bank concluded 26 079 settlements (as of 31 December 2024: 22 902 settlements).

Accounting policies for recognising the effect of legal risk related to court cases concerning mortgage and housing loans to individual customers in foreign currencies and the voluntary settlement program

The Group recognises the impact of the legal risk related to court cases concerning indexation clauses in mortgage and housing loans in foreign currencies and settlements offered to CHF borrowers as reflected under:

- IFRS 9 "Financial instruments" in relation to active loans, including active loans covered by the class action case and settlements, and
- IAS 37 "Provisions, contingent liabilities and contingent assets" in relation to repaid loans.

More information on accounting policies for recognising the effect of legal risk related to court cases concerning mortgage and housing loans to individual customers in foreign currencies and the voluntary settlement program was presented in Note 34 of the Consolidated Financial Statements of the mBank S.A. Group for the year 2024, published on 28 February 2025.

The impact of the legal risk related to court cases concerning indexation clauses in mortgage and housing loans in foreign currencies and the voluntary settlement program

The methodology used to calculate the impact of the legal risk related to court cases concerning indexation clauses in mortgage and housing loans in foreign currencies and the settlement program is based on historical observations and due to the lack of market data and partially on expert assumption that are highly judgmental and with a high range of possible values. It is possible that the impact of the legal risk will need to be adjusted significantly in the future, particularly that important parameters used in calculations are significantly interdependent.

The cumulative impact of legal risk associated with litigation (individual lawsuits and class actions) related to indexation clauses in foreign currencies mortgages and housing loans and the settlement program included in the Group's statement of financial position is shown in the table below.

	31.03.2025	31.12.2024
Impact of legal risk concerning individual lawsuits, class action and settlement program related to active loans recognised as a reduction of gross carrying amount of loans, including loans in:	3 476 847	4 115 786
- CHF	3 165 671	3 802 760
- USD	67 992	85 603
- EUR	149 960	138 751
- GBP	-	196
- PLN	93 224	88 476
Impact of legal risk concerning individual lawsuits and class action case related to repaid loans and low value active loans recorded as provisions for legal proceedings	2 257 839	2 847 739
The cumulative impact of legal risk associated with litigation related to indexation clauses mortgages and housing loans in foreign currencies and settlement program	5 734 686	6 963 525

The impact of legal risk concerning loans in PLN amounting to PLN 93.2 million, presented in the table above, refers to contracts that were historically indexed to foreign currencies and are currently denominated in PLN.

Total costs of legal risk related to foreign currency loans recognised in the income statement for the first quarter of 2025 amounted to PLN 661.8 million (in first quarter of 2024: PLN 1 370,6 million). They are mainly due to, updates to the projected number of lawsuits, and the cost of the settlement program as well as updates remaining model parameters.

Methodology of calculating the impact of the legal risk related to individual court cases regarding credit loans indexed to CHF

The methodology of calculating the impact of the legal risk related to individual court cases concerning both active and repaid loans applied by the Bank depends on numerous assumptions that take into account historical data adjusted with the Bank's expectations regarding the future. The most important assumptions are an expected population of borrowers who will file a lawsuit against the Bank, the distribution of expected verdicts judged by the courts and the loss to be incurred by the Bank in case of losing the case in court and the expected level of settlement acceptance.

Expected population of borrowers who will file a lawsuit

The population of borrowers who will file a lawsuit against the Bank has been projected using statistical methods based on the Bank's litigation history and assumptions about the influx of new cases over the full projection period.

For the purpose of calculating the impact of legal risk mBank assumes that approximately 4.5 thousand CHF borrowers including 1.4 thousand with active loans and 3.1 thousand with repaid loans, will file a lawsuit against the Bank in the future (as of 31 December 2024: 5.3 thousand of which 1.7 thousand active and 3.6 thousand repaid loans). Moreover, the Bank assumed that some portion of CHF borrowers will sign settlements. These assumptions, due to significant uncertainties surrounding CHF cases as well as other external factors that may shape clients' preferences to file the lawsuits, is highly judgmental and may be a subject to an adjustment in future. If an additional 1 thousand borrowers with active loans indexed to CHF filed a lawsuit against the Bank and the loan was invalidated in its entirety, the impact of the legal risk would increase by approximately PLN 304.6 million (while other relevant assumptions remain constant) as compared to 31 March 2025, reducing gross carrying amount of the loans. If an additional 1 thousand borrowers with repaid loans indexed to CHF filed a lawsuit against the Bank and the loan was invalidated in its entirety, the impact of the legal risk would increase by approximately PLN 82.1 million (while other relevant assumptions remain constant) increasing the provisions for legal proceedings.

The Bank estimates that 1.3 thousand borrowers with active CHF indexed loans will not decide to sue the Bank or sign a settlement with the Bank in the future and 30.2 thousand borrowers with repaid CHF indexed loans will not sue the Bank in future. In the Bank's opinion this will be influenced by the following factors: clients' expectations regarding future changes in the CHF/PLN exchange rate, clients' expectations regarding future costs of PLN loans, changes in jurisprudence in CHF loan cases, tax solutions regarding settlements, costs and duration of court proceedings, individual factors (in particular the loan repayment period and the current amount of debt). This is not a direct estimate, but the result of the difference between the estimate of the population of clients already in dispute with the Bank or intending to do so and the estimate of the population of clients who decide to settle and the number of clients with an active CHF credit agreement and borrowers who have already repaid their loans.

Distribution of expected court rulings

The expected distribution of court rulings was based on final judgments issued in recent cases against the Bank. As of 31 March 2025, the Bank assumed a loss in 99% of pending or future lawsuits, while for the remaining 1% of cases, the Bank assumed dismissal of the claim (assumption unchanged since 31 December 2024). In the loss scenario Bank took into account only scenario for termination of court proceedings in which the contract is invalid in its entirety, as removing the exchange rate clause would be too far-reaching change (assuming that the clause specifies the main subject of the contract).

In the calculation and accounting of the legal risk effects related to individual court cases concerning loans indexed to CHF, the risk of the statute of limitations on the Bank's claims for the return of the disbursed capital has been taken into account. According to the resolution of the Full Court of the Civil Chamber of the Supreme Court dated 25 April 2024, the beginning of the statute of limitations period starts from the day following the day the first letter from the borrower challenging the loan agreement is received by the bank. Based on the available information regarding the statements made by clients in which the agreement was challenged the Bank determined probabilities for these contracts which range from 5% to 50%, assuming that the Bank's claims would be considered time-barred, despite the fact that restitution claim could have been filed by the Bank before the expiration of 3 years from the date of the borrower's lawsuit. If assumed that individual probabilities will change by +/- 1 percentage point and all other relevant

assumptions remained unchanged, the impact of the legal risk would change by PLN 3.4 million, of which PLN 2.6 million would change the gross carrying amount of loans and PLN 0.8 million provisions for legal proceedings.

The Bank estimates that if all Bank's originated loan agreements currently under individual and class action court proceedings were declared invalid the pre-tax cost, without taking into account possible settlements, could reach ca. PLN 5.3 billion (compared to PLN 5.7 billion cumulative impact of legal risk associated with litigation related to indexation clauses mortgages and housing loans in foreign currencies as at 31 March 2025). Overall losses would be higher or lower depending on the final court verdicts.

Probability of settlement acceptance

The Bank assumed the probability of accepting settlements based on the results of an actively conducted settlement program and available market data and based on its own projections. As of 31 March 2025, the Bank assumed that it would conclude 5.6 thousand settlements in the future which accounts for approximately 44% of active portfolio (as of 31 December 2024: 6.5 thousand, approximately 39%), including the borrowers who already filed a lawsuit against the Bank.

Methodology of calculating the impact of the legal risk related to the class action case and other foreign currencies loans

In order to calculate the legal risk costs related to a class action and loans indexed to other currencies, the methodology described above for calculating the impact of the legal risk related to individual cases and loans indexed to CHF was used and it was applied to the whole population covered by the class action and loans indexed to other foreign currencies. The distribution of expected court rulings used is the same as for individual cases in CHF.

As of 31 March 2025, the Bank recognised the impact of legal risk in the class action in the amount of PLN 272.9 million and the impact of legal risk of loans indexed to other foreign currencies in the amount of PLN 338.8 million.

SELECTED EXPLANATORY INFORMATION

1. Compliance with International Financial Reporting Standards

The presented condensed consolidated report for the first quarter of 2025 fulfils the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" relating to interim financial reports.

In addition, selected explanatory information provide additional information in accordance with Decree of the Minister of Finance dated 29 March 2018 concerning the publication of current and periodic information by issuers of securities and the conditions of acceptance as equal information required by the law of other state, which is not a member state (Journal of Laws 2018, item 757).

2. Consistency of accounting principles and calculation methods applied to the drafting of the quarterly report and the last annual financial statements

The description of the Group's accounting policies is presented in Note 2 of Consolidated interim financial statements of mBank S.A. Group for 2024, published on 28 February 2025. The accounting principles adopted by the Group were applied on a continuous basis for all periods presented in the financial statements with the exception of the accounting policy for income tax recognition, which in the interim statements is in accordance with IAS 34.

3. Seasonal or cyclical nature of the business

The business operations of the Group do not involve significant events that would be subject to seasonal or cyclical variations.

4. Nature and values of items affecting assets, liabilities, equity, net profit/loss or cash flows, which are extraordinary in terms of their nature, magnitude or exerted impact

In the financial results for the first quarter of 2025, the Bank recognised the cost of legal risk related to foreign currency loans in the amount of PLN 661.8 million. The detailed information in this regard is presented in Note 33.

5. Nature and amounts of changes in estimate values of items, which were presented in previous interim periods of the current reporting year, or changes of accounting estimates indicated in prior reporting years, if they bear a substantial impact upon the current interim period

The financial results for the first quarter of 2025 include cost of legal risk related to foreign currencies loans in the amount of PLN 661.8 million. The detailed information is presented in Note 33.

6. Issues, redemption and repayment of non-equity and equity securities

In the first quarter of 2025, the following issues and redemptions occurred in the Group:

- mBank Hipoteczny S.A. redeemed one series of mortgage covered bonds in the amount of PLN 1 246 350 thousand,
- On 22 January 2025, mBank partially redeemed CLN bonds in the amount of EUR 4 182 thousand. The redemption was due to the amortization of the securitized portfolio and related to the synthetic securitization transaction carried out in December 2022,
- On 17 January 2025, in accordance with the terms of issuance the Bank redeemed subordinated bonds issued on 17 December 2014, with a total value of PLN 750 million. The bonds were redeemed by the Bank at their maturity date.

7. Dividends paid (or declared) altogether or broken down by ordinary shares and other shares

On 27 March 2025, the 38th Annual General Meeting of mBank S.A. adopted resolution regarding the profit share for 2024. The net profit earned by mBank S.A. in 2024, amounting to PLN 2 235 675 201.87 is decided to remain undivided. The Annual General Meeting of mBank S.A. also decided to leave the profit from the previous years in the amount of PLN 1 401 756 971.49 undivided. The Annual General Meeting of mBank S.A. did not decide about dividend payment.

8. Significant events after the end of the first quarter of 2025, which are not reflected in the financial statements

Significant events occurring after the end of the first quarter of 2025 are described in Section 33 of Selected explanatory data.

9. Effect of changes in the structure of the entity in the first quarter of 2025, including business combinations, acquisitions or disposal of subsidiaries, long-term investments, restructuring, and discontinuation of business activities

Events as indicated above did not occur in the Group.

10. Changes in contingent liabilities and commitments

In the first quarter of 2025, there were no changes in contingent liabilities and commitments of credit nature, i.e. guarantees, letters of credit or unutilised loan amounts, other than resulting from current operating activities of the Group. There was no single case of granting of guarantees or any other contingent liability of any material value for the Group.

11. Write-offs of the value of inventories down to net realisable value and reversals of such write-offs

In the first quarter of 2025, events as indicated above did not occur in the Group.

12. Revaluation write-offs on account of impairment of tangible fixed assets, intangible assets, or other assets as well as reversals of such write-offs

In the first quarter of 2025, events as indicated above did not occur in the Group.

13. Revaluation write-offs on account of impairment of financial assets

Data regarding write-offs on account of impairment of financial assets is presented under Note 12 of these condensed interim consolidated financial statements.

14. Reversals of provisions against restructuring costs

In the first quarter of 2025, events as indicated above did not occur in the Group.

15. Acquisitions and disposals of tangible fixed asset items

In the first quarter of 2025 there were no material transactions of acquisition or disposal of any tangible fixed assets, with the exception of typical lease operations that are performed by the companies of the Group.

16. Material liabilities assumed on account of acquisition of tangible fixed assets

In the first quarter of 2025, events as indicated above did not occur in the Group.

17. Information about changing the process (method) of measurement the fair value of financial instruments

In the reporting period there were no changes in the process (method) of measurement the fair value of financial instruments.

18. Changes in the classification of financial assets due to changes of purpose or use of these assets

In the reporting period there were no changes in the classification of financial assets as a result of a change in the purpose or use of these assets.

19. Corrections of errors from previous reporting periods

In the first quarter of 2025, events as indicated above did not occur in the Group.

20. Information on changes in the economic situation and operating conditions that have a significant impact on the fair value of financial assets and financial liabilities of the entity, regardless of whether these assets and liabilities are included in the fair value or in the adjusted purchase price (amortised cost)

In the first quarter of 2025, events as indicated above did not occur in the Group.

21. Default or infringement of a loan agreement or failure to initiate composition proceedings

In the first quarter of 2025, events as indicated above did not occur in the Group.

22. Position of the management on the probability of performance of previously published profit/loss forecasts for the year in light of the results presented in the quarterly report compared to the forecast

The Bank did not publish a performance forecast for 2025.

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Condensed consolidated financial statement of mBank S.A. for the first quarter of 2025

(PLN thousand)

23. Registered share capital

The total number of ordinary shares as at 31 March 2025 was 42 496 973 shares (31 December 2024: 42 496 973 shares) at PLN 4 nominal value each. All issued shares were fully paid up.

REGISTERED SHARE CAPITAL (THE STRUCTURE) AS AT 31 MARCH 2025						
Share type	Type of privilege	Type of limitation	Number of shares	Series / face value of issue in PLN	Paid up	Registered on
ordinary bearer*	-	-	9 989 000	39 956 000	fully paid in cash	1986
ordinary registered*	-	-	11 000	44 000	fully paid in cash	1986
ordinary bearer	-	-	2 500 000	10 000 000	fully paid in cash	1994
ordinary bearer	-	-	2 000 000	8 000 000	fully paid in cash	1995
ordinary bearer	-	-	4 500 000	18 000 000	fully paid in cash	1997
ordinary bearer	-	-	3 800 000	15 200 000	fully paid in cash	1998
ordinary bearer	-	-	170 500	682 000	fully paid in cash	2000
ordinary bearer	-	-	5 742 625	22 970 500	fully paid in cash	2004
ordinary bearer	-	-	270 847	1 083 388	fully paid in cash	2005
ordinary bearer	-	-	532 063	2 128 252	fully paid in cash	2006
ordinary bearer	-	-	144 633	578 532	fully paid in cash	2007
ordinary bearer	-	-	30 214	120 856	fully paid in cash	2008
ordinary bearer	-	-	12 395 792	49 583 168	fully paid in cash	2010
ordinary bearer	-	-	16 072	64 288	fully paid in cash	2011
ordinary bearer	-	-	36 230	144 920	fully paid in cash	2012
ordinary bearer	-	-	35 037	140 148	fully paid in cash	2013
ordinary bearer	-	-	36 044	144 176	fully paid in cash	2014
ordinary bearer	-	-	28 867	115 468	fully paid in cash	2015
ordinary bearer	-	-	41 203	164 812	fully paid in cash	2016
ordinary bearer	-	-	31 995	127 980	fully paid in cash	2017
ordinary bearer	-	-	24 860	99 440	fully paid in cash	2018
ordinary bearer	-	-	13 385	53 540	fully paid in cash	2019
ordinary bearer	-	-	16 673	66 692	fully paid in cash	2020
ordinary bearer	-	-	17 844	71 376	fully paid in cash	2021
ordinary bearer	-	-	48 611	194 444	fully paid in cash	2022
ordinary bearer	-	-	31 672	126 688	fully paid in cash	2023
ordinary bearer	-	-	31 806	127 224	fully paid in cash	2024
Total number of shares			42 496 973			
Total registered share capital				169 987 892		
Nominal value per share (PLN)		4				

* As at the end of the reporting period

24. Material share packages

The shareholders holding over 5% of the share capital and votes at the General Meeting are:

- Commerzbank AG which held 69.07% of the share capital and votes at the General Meeting of mBank S.A. as at 31 March 2025, and
- Nationale-Nederlanden Otwarty Fundusz Emerytalny the funds of which held 5.29% of the share capital and votes at the General Meeting of mBank S.A. as at 31 March 2025 (according to the list of shareholders registered during the XXXVIII Ordinary General Meeting of the Bank, which took place on 27 March 2025).

25. Change in Bank shares and rights to shares held by managers and supervisors

	Number of shares held as at the date of publishing the report 2024	Number of shares acquired from the date of publishing the report for 2024 to the date of publishing the report for Q1 2025	Number of shares sold from the date of publishing the report for 2024 to the date of publishing the report for Q1 2025	Number of shares held as at the date of publishing the report for Q1 2025
Management Board				
1. Cezary Kocik	-	-	-	-
2. Krzysztof Bratos	1 069	-	-	1 069
3. Krzysztof Dąbrowski	1 609	-	1 609	-
4. Marek Lusztyn	2 267	-	-	2 267
5. Julia Nusser	-	-	-	-
6. Adam Pers	-	-	-	-
7. Pascal Ruhland	-	-	-	-

As at the date of publishing the report for 2024 and as at the date of publishing the report for the first quarter of 2025, the Members of the Management Board had no and they have no rights to Bank's shares.

As at the date of publishing the report for 2024 and as at the date of publishing the report for the first quarter of 2025, the Members of the Supervisory Board had neither Bank's shares nor rights to Bank's shares.

26. Contingent liabilities

Proceedings before a court, arbitration body or public administration authority

The Group monitors the status of all court cases brought against entities of the Group, including the status of court rulings regarding loans in foreign currencies in terms of shaping of and possible changes in the line of verdicts of the courts, as well as the level of required provisions for legal proceedings.

As at 31 March 2025, the total value of the subject of disputes in ongoing court proceedings (cases) in which the Group is the defendant amounted to PLN 9 057.0 million, of which PLN 7 686.4 million related to court proceedings concerning mortgage loans indexed to foreign currencies (as of 31 December 2024 respectively: PLN 10 714.8 million and PLN 8 973.4 million). The total value of the subject of disputes in ongoing court proceedings (cases) initiated by the Group as of 31 March 2025, amounted to PLN 10 546.0 million, of which PLN 10 043.4 million related to court proceedings concerning mortgage loans indexed to foreign currencies (as of 31 December 2024 respectively: PLN 9 388.7 million and PLN 8 962.3 million).

The Group creates provisions for litigations against entities of the Group, which as a result of the risk assessment involve a probable outflow of funds from fulfilling the liability and when a reliable estimate of the amount of the liability can be made. The amount of provisions is determined taking into account the amounts of outflow of funds calculated on the basis of scenarios of potential settlements of disputable issues and their probability estimated by the Group based on the previous decisions of courts in similar matters and the experience of the Group.

The value of provisions for litigations as at 31 March 2025 amounted to PLN 2 332 303 thousand of which PLN 2 267 231 thousand concerns to provisions for legal proceedings relating to loans in foreign currencies (as at 31 December 2024, respectively PLN 2 915 310 thousand and PLN 2 856 705 thousand). A potential outflow of funds due to the fulfilment of the obligation takes place at the moment of the final resolution of the cases by the courts, which is beyond the control of the Group.

Information on the most important court proceedings concerning the issuer's contingent liabilities

1. A lawsuit filed by LPP S.A.

On 17 May 2018, mBank S.A. received a lawsuit filed by LPP S.A. with its registered office in Gdańsk seeking damages amounting to PLN 96 307 thousand on account of interchange fee. In the lawsuit, LPP S.A. petitioned the court for awarding the damages jointly from mBank S.A. and from other domestic bank.

The plaintiff accuses the two sued banks as well as other banks operating in Poland of taking part in a collusion breaching the Competition and Consumer Protection Act and the Treaty on the Functioning of the European Union. In the plaintiff's opinion, the collusion took the form of an agreement in restriction of competition in the market of acquiring services connected with settling clients' liabilities

towards the plaintiff on account of payments for goods purchased by them with payment cards in the territory of Poland.

On 16 August 2018 mBank S.A. has submitted its statement of defence and requested that the action be dismissed. The court accepted the Defendants' requests to summon sixteen banks to join the proceedings and ordered that the banks be served with the summons. Two banks have notified of their intention to intervene in the case as an indirect intervener. In a judgment dated 27 January 2023, the District Court in Warsaw dismissed LPP S.A.'s lawsuit in its entirety. On 27 March 2023 LPP S.A. has filed an appeal, to which the Bank filed a response on 26 June 2023. In a judgment dated 3 November 2023, the Court of Appeal in Warsaw dismissed LPP S.A.'s appeal. On 13 March 2024, mBank received the cassation appeal, to which mBank filed a response.

2. A lawsuit filed by Orlen S.A.

On 7 February 2020, mBank S.A. received a lawsuit filed by Orlen S.A. with its registered office in Płock seeking damages amounting to PLN 635 681 thousand on account of interchange fee. In the lawsuit, Orlen S.A. petitioned the court for awarding the damages jointly from mBank S.A. and other domestic bank and also from Master Card Europe and VISA Europe Management Services.

The plaintiff accuses the two sued banks as well as other banks operating in Poland of taking part in a collusion breaching the Competition and Consumer Protection Act and the Treaty on the Functioning of the European Union, i.e. a collusion restricting competition in the market of acquiring services connected with settling clients' liabilities towards the plaintiff on account of card payments for goods and services purchased by clients on the territory of Poland.

On 28 May 2020, mBank S.A. filed a response to the lawsuit and moved for a dismissal of a claim. The Court allowed for the motions of Defendants to summon 16 banks to participate in the case and preordained the service of a summoning motion to the banks. Two banks have notified of their intention to intervene in the case as an indirect intervener.

3. Class action against mBank S.A. concerning indexation clauses

Detailed information on the class action against the Bank is provided in Note 33.

4. Individual court proceedings against the Bank concerning indexed loans in CHF and in other foreign currencies

Detailed information on individual court proceedings against the Bank regarding indexed loans in CHF and in other foreign currencies is provided in Note 33.

5. Legal proceedings against the Group regarding mortgage loan agreements with interest based on WIBOR

As of 31 March 2025, there were 195 lawsuits pending against the Group with a total value in dispute of PLN 49.8 million, initiated by the Group's customers, in which the customers challenge that the mortgage agreement was based on a floating interest rate structure and the rules for setting the WIBOR benchmark rate. The Group disputes the validity of the claims raised in these cases. The case law to date is favourable to the Group. As of 31 March 2025, the Group had received 4 final judgments in court cases involving WIBOR-based clauses. All of them were favourable to the Group.

These lawsuits seek to challenge WIBOR as the basis for variable interest rates. In addition, the manner in which consumers were provided with instructions and information about the volatility of the index is being challenged.

The Bank's position is that the clients' claims are unfounded, in particular in view of the fact that WIBOR is an official index whose administrator has received the relevant approvals required by law, among others from the Polish Financial Supervision Authority, and the process of its determination, carried out by the administrator (an independent entity not affiliated with the Bank), is in accordance with the law and is also subject to supervisory review by the Polish Financial Supervision Authority. The Commission confirmed WIBOR's compliance with the requirements of the law. An analogous position was also presented by the Financial Stability Committee, which comprises representatives of the National Bank of Poland, the Polish Financial Supervision Authority, the Ministry of Finance and the Bank Guarantee Fund.

Legal issues concerning the question of the use of the WIBOR index as the basis for variable interest rates in mortgage loans are the subject of preliminary questions submitted by a Polish court to the CJEU (reference C-471/24).

6. Legal proceedings against the Bank regarding the sanction of free credit

As of 31 March 2025, there were 777 lawsuits pending against the Bank, with a total value of in dispute of PLN 19.9 million, relating to the sanction of free credit. The Bank disputes the validity of the claims raised in these cases. The case law to date is predominantly favourable to the Bank. As of 31 March 2025, 60 court cases concerning the sanction of free credit have been finally concluded. In 39 cases, judgments were passed favourably for the Bank, and in 5 cases, judgments were unfavourable. 16 proceedings ended favourably for the Bank for other reasons, including the withdrawal of a lawsuit by a customer.

The institution of the sanction of free credit is regulated in Article 45 of the Consumer Credit Act, according to which, in the event of a breach by the creditor of the provisions of the Act listed therein, the consumer, after submitting a written statement to the creditor, shall repay the credit without interest and other credit costs due to the creditor within the time limit and in the manner agreed in the credit agreement, and if no such manner has been agreed, shall repay the credit in equal instalments, payable monthly, from the date of the conclusion of the credit agreement. Pursuant to Article 45(5) of the Consumer Credit Act, the entitlement to the sanction of free credit expires one year after the execution of the credit agreement.

Legal issues concerning the institution of the sanction of free credit are the subject of numerous preliminary questions addressed by Polish courts to the CJEU, concerning, inter alia, the admissibility of interest on the financed costs of credit and information obligations against this background, the proportionality of the sanction of free credit in relation to the degree of infringement (cases: C-566/24, C-472/23, C-831/24, C-774/24), the interpretation of the one-year time limit for the submission of a declaration on the use of the sanction of free credit (C-566/24), the admissibility of the assignment of claims arising from a consumer credit agreement and the obligation of the court to examine the assignment agreement ex officio from the point of view of the abusive nature of the provisions contained therein (C-80/24). Furthermore, the interpretation of the provisions on the institution of the sanction of free credit, concerning, inter alia, the interpretation of the one-year time limit for the submission of the declaration on the use of the sanction of free credit and the admissibility of interest on non-interest costs, is also the subject of legal issues referred to the Supreme Court (case ref. II Ca 825/24). In case C-472/23, on 13 February 2025, the CJEU issued a ruling in which it indicated that if the calculation of the actual annual interest rate on a loan was based on contract terms that later turned out to be unfair, such a calculation does not constitute a breach of the information obligation. As to the question whether a modification clause, providing for the possibility of changing the fee during the contract, violates the information obligations, the CJEU indicated that the national court should assess whether the contract clause violates the requirements of precision and if it could prevent the consumer from assessing the scope of his obligation, it may be considered a violation of the information obligation. As to the question whether each infringement, regardless of the degree of infringement, justifies the application of a free credit sanction from the point of view of the principles of proportionality the CJEU pointed out that Directive 2008/48 does not preclude the free credit sanction, as long as the infringement may undermine the consumer's ability to assess the scope of his obligation.

Tax inspections

In the first quarter of 2025 none of the mBank Group subsidiaries was a subject to tax authorities inspection.

Tax authorities may carry out inspections and verify records of economic operations recorded in the accounting books within 5 years from the end of the tax year in which tax returns were submitted, determine additional tax liabilities and impose related penalties. In the opinion of the Management Board, there are no circumstances indicating the likelihood of significant tax liabilities arising in this respect.

Inspection by the Social Insurance Institution (ZUS)

mFinanse S.A., a subsidiary of the Bank, was inspected by the Social Insurance Institution (ZUS) in the period from 16 May 2022 to 2 March 2023. The subject of the inspection was the area of correctness and reliability of calculating social insurance contributions and other contributions that the Social Insurance Institution is obliged to collect, as well as reporting for social insurance and health insurance for the years 2018 - 2021. On 3 March 2023, the Company received the Social Insurance Institution's inspection protocol in the aforementioned scope, to which the mFinanse S.A. submitted objections.

From September 2023 to 31 December 2024 mFinanse S.A. received from Social Insurance Institution (ZUS) decisions regarding some of the persons subject to inspection. As at the date of preparation these financial statements, mFinanse S.A. settled the adjudicated contributions according to the received decisions along with interest, regarding appeals filed by the end of September 2024.

The company is in dispute with the Social Security Institution over the interpretation of the application of social security regulation in the area of the cooperation model involving the simultaneous employment of

intermediaries on a part-time basis and a civil law contract. As at 31 March 2025, there were a total of 364 cases in court proceedings related to the cooperation model used by the company. The Group maintains that the cooperation model used by the Company complies with legal regulations, including the Banking Law, in terms of providing credit intermediaries with access to data covered by banking secrecy. As of the approval date of this financial statement, 33 favourable judgments for the Company were issued by the first instance court out of 33 issued rulings. These judgments are not final, and according to the information held by the Company, ZUS has filed appeals in 16 cases decided by the first instance court.

In connection with the above issue, as of 31 March 2025, the Group had a provision in the amount of PLN 66 404 thousand (as at 31 December 2024: PLN 71 638 thousand).

Proceedings initiated by the Polish Financial Supervision Authority (PFSA)

- On 22 November 2023, the Polish Financial Supervision Authority started administrative proceedings against mBank S.A. that might result in a penalty being imposed on the Bank under Article 176i(1)(4) of the Act on Trading in Financial Instruments. At this stage of the proceedings, the amount of the potential penalty cannot be estimated reliably.
- On 6 February 2025, the Polish Financial Supervision Authority started administrative proceedings against mBank S.A. with regard to imposing an administrative penalty under Article 138 (3) (3a) of the Banking Law Act of 29 August 1997 ("Banking Law Act") or Article 138 (7aa) (1) of the Banking Law Act. Administrative proceedings were started in connection with a suspected breach of Article 8 (1) in conjunction with Article 26 (1) of the Regulation of the Minister of Finance of 24 September 2012 on the Procedure and Conditions of Conduct for Investment Firms, Banks Referred to in Article 70 (2) of the Act on Trading in Financial Instruments, and Custodian Banks, and Article 83c (1) of the Act of 29 July 2005 on Trading in Financial Instruments, and Article 9c (1) (4) of the Banking Law. At this stage of the proceedings, the amount of the potential penalty cannot be estimated reliably.

Proceedings initiated by the Office of Competition and Consumer Protection (UOKiK)

- Proceedings for considering provisions of a master agreement as abusive instituted ex officio on 12 April 2019. The proceedings concern amendment clauses stipulating circumstances under which the Bank is authorised to amend the terms and conditions of the agreement, including the amount of fees and commissions. In the opinion of the President of the Office of Competition and Consumer Protection (UOKiK), the amendment clauses used by the Bank give it an unlimited right to unilaterally and freely change the manner of performing the agreement. As a consequence, the UOKiK President represents the view that the clauses used by mBank define the rights and obligations of consumers contrary to good morals and grossly violate their interest and, thus, are abusive. The Bank does not agree with this stance. The proceedings have been extended to 30 June 2025. At the current stage of the proceedings, it is not possible to reliably estimate the extent of the potential penalty.
- By way of the decision of 8 July 2022 the President of the Office of Competition and Consumer Protection (UOKiK) instigated proceedings on the application of practices violating consumers' collective interests, consisting in a failure to refund the cost of transactions which consumers reported as unauthorised or to restore account balances that would have existed had such transactions not been executed under the procedure and within the time limit specified in the Payment Services Act, as well as practices consisting in providing consumers with incorrect information on the Bank's verification of whether a payment instrument was used correctly in response to customer reports.

The President of the Office of Competition and Consumer Protection accuses the Bank of not refunding the amount of an unauthorised payment transaction despite the lack of grounds justifying the refusal to refund, i.e. suspicion of fraud on the part of the customer or expiration of the claim due to the expiry of the deadline. In its arguments, the Bank emphasises that art. 46 section 1 of the Act of 19 August 2011 on Payment Services (hereinafter referred to as "UUP") does not apply to authorised transactions, and that the obligation to return pursuant to art. 46 section 1 of the UUP does not apply to situations where the payer is liable for an unauthorised transaction.

The essence of the proceedings initiated by the President of the Office of Competition and Consumer Protection is to determine under what circumstances the payment service provider is obliged to refund the transaction amount within D+1. According to the President of the Office of Competition and Consumer Protection, such an obligation arises whenever the consumer reports that, in his opinion, an unauthorised transaction has occurred. The Bank considers this position to be unjustified, as such an obligation arises only when an unauthorised transaction has actually taken place and the Bank is responsible for the unauthorised transaction under the provisions of the UUP.

Moreover, the Bank is of the opinion that the information provided to consumers regarding the Bank's lack of liability for the reported transaction is true. The Bank's liability for transactions reported as unauthorised transactions is not absolute, and the Bank's obligation to refund the transaction amount

becomes effective only in situations where an unauthorised transaction actually occurs and there is no occurrence of one of the cases excluding the Bank's liability. In the succeeding letter UOKiK requested for further clarification and extended the proceeding to 30 May 2025. At the current stage of the proceedings, it is not possible to reliably estimate the potential penalty.

Proceedings initiated by the Personal Data Protection Office

On 23 September 2024, the President of the Personal Data Protection Office ("UODO") initiated administrative proceedings regarding the potential violation of personal data protection regulations by the Bank. The subject of the proceedings is the potential violation of Article 28, Section 3, and Article 30, Section 1, Point d of the Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016, on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC ("GDPR"). In the Bank's opinion, there was no violation of GDPR regulations in the matter under investigation. The Bank explained its legal position in the letters sent to the President of UODO and emphasized its intention to cooperate closely with the President of UODO. At the current stage of the proceedings, it is not possible to reliably estimate the potential penalty.

Conditional commitments given and received regarding financial and guarantee obligations

Information on the value of conditional commitments given and received regarding financial and guarantee obligations is presented in Point 27 of the Selected Explanatory Data.

27. Off-balance sheet liabilities

The table below presents the off-balance sheet liabilities granted and received by the Group, as well as the nominal value of the Group's open derivative transactions as at 31 March 2025 and 31 December 2024.

	31.03.2025	31.12.2024
Contingent liabilities granted and received	59 785 188	56 648 779
Commitments granted	49 737 311	46 499 931
Financing	37 780 935	36 944 487
Guarantees and other financial facilities	8 870 444	9 055 486
Other liabilities	3 085 932	499 958
Commitments received	10 047 877	10 148 848
Financing	1 029 554	732 537
Guarantees	9 018 323	9 416 311
Derivative financial instruments (nominal value of contracts)	562 935 194	682 386 117
Interest rate derivatives	446 867 435	555 756 226
Currency derivatives	107 869 992	121 013 737
Market risk derivatives	8 197 767	5 616 154
Total off-balance sheet items	622 720 382	739 034 896

28. Transactions with related entities

mBank S.A. is the parent entity of the mBank S.A. Group and Commerzbank AG is the ultimate parent of the Group as well as the direct parent of mBank S.A.

All transactions between the Bank and related entities were typical and routine transactions concluded on terms, which not differ from arm's length terms, and their nature, terms and conditions resulted from the current operating activities conducted by the Bank. Transactions concluded with related entities as a part of regular operating activities include loans, deposits and foreign currency transactions.

mBank S.A. Group

Consolidated financial report for the first quarter of 2025

Condensed consolidated financial statement of mBank S.A. for the first quarter of 2025

(PLN thousand)

The amounts of transactions with related entities, i.e. balances of receivables and liabilities as at 31 March 2025 and as at 31 December 2024, and related costs and income for the period from 1 January to 31 March 2025 and from 1 January to 31 March 2024 are presented in the table below.

	mBank's subsidiaries*			Commerzbank AG			Other companies of the Commerzbank AG Group		
	31.03.2025	31.12.2024	31.03.2024	31.03.2025	31.12.2024	31.03.2024	31.03.2025	31.12.2024	31.03.2024
Statement of financial position									
Assets	4 326	4 247		605 124	516 054		15	16	
Liabilities	47 489	52 290		1 551 694	1 699 124		87 450	93 436	
Income Statement									
Interest income	-		-	32 005		16 827	-		-
Interest expense	(173)		(205)	(7 227)		(13 483)	(408)		(293)
Fee and commission income	26		22	1 997		1 665	13		14
Fee and commission expense	(6 472)		(9 583)	-		-	(4 019)		-
Other operating income	255		191	476		462	-		-
Overhead costs, amortisation and other operating expenses	-		-	(2 148)		(321)	-		-
Contingent liabilities granted and received									
Liabilities granted	360 904	382 916		2 029 479	2 068 805		1 985	1 992	
Liabilities received	-	-		1 726 785	1 912 420		-	-	

* Applies to non-consolidated subsidiaries

The total costs of remuneration of Members of the Supervisory Board, the Management Board and other key management personnel of the Bank that perform their duties from 1 January to 31 March 2025 recognised in the Group's income statement for that period amounted to PLN 12 438 thousand (in the period from 1 January to 31 March 2024: PLN 11 151 thousand). With regard to the Management Board and other key management personnel the remuneration costs include also remuneration in the form of shares and convertible warrants.

29. Credit and loan guarantees, other guarantees granted of significant value

In the three-month period, ended on 31 March 2025, Group has not concluded any substantial agreements regarding credit and loan guarantees or guarantees granted of a significant amount.

30. Other information which the issuer deems necessary to assess its human resources, assets, financial position, financial performance and their changes as well as information relevant to an assessment of the issuer's capacity to meet its liabilities**Management Board of mBank S.A.**

At the 31 March 2025, the Management Board of mBank S.A. performed functions in the following composition:

1. Cezary Kocik – President of the Management Board,
2. Krzysztof Bratos – Vice-President of the Management Board, Head of Retail Banking,
3. Krzysztof Dąbrowski – Vice-President of the Management Board, Head of Operations and IT,
4. Marek Lusztyn – Vice-President of the Management Board, Head of Risk,
5. Julia Nusser – Vice-President of the Management Board, Head of Compliance and HR,
6. Adam Pers – Vice-President of the Management Board, Head of Corporate and Investment Banking,
7. Pascal Ruhland – Vice-President of the Management Board, Chief Financial Officer.

Supervisory Board of mBank S.A.

At the 31 March 2025, the composition of the Supervisory Board of mBank S.A. is as follows:

1. Agnieszka Słomka-Gołębiowska – Chairwoman,
2. Bernhard Spalt – Vice-Chairman,
3. Hans-Georg Beyer,
4. Tomasz Bieske,
5. Mirosław Godlewski,
6. Aleksandra Gren,
7. Thomas Schaufler,
8. Carsten Schmitt.

Changes in the Supervisory Board of mBank S.A.

- On 14 October 2024, Ms. Bettina Orlopp submitted her resignation from the position of member of the Supervisory Board, effective 27 February 2025.
- On 28 February 2025 the Supervisory Board appointed Mr. Carsten Schmitt to the Supervisory Board of mBank S.A. as of 28 February 2025 for the position of member of the Supervisory Board.

31. Factors affecting the results in the coming quarter

The results in the coming quarter may also be affected by potential settlements of the Supreme Court, other national institutions or Court of Justice of the European Union in cases related to foreign currencies loans, which is presented in detail in the Note 33.

32. Other information

- Requirements on mBank Group capital ratios as of 31 March 2025

The minimum required level of capital ratios at the end of March 2025 amounted to:

- Individual total capital ratio: 11.09%, Tier I capital ratio: 9.09% and Common Equity Tier I ratio: 7,59%;
- Consolidated total capital ratio: 11.08%, Tier I capital ratio: 9.08%, Common Equity Tier I ratio: 7,58%.

At the date of approval of these financial statements, mBank S.A. and mBank S.A. Group fulfil the PFSA requirements related to the required capital ratios on both individual and consolidated levels.

The table below presents the measures reported as of 31 March 2025, and 31 December 2024, for the Bank and the Group. As of 31 December 2024, both the originally published data and the restated data were presented.

	31.03.2025		31.12.2024 (after adjustment)		31.12.2024 (before adjustment)	
	mBank	mBank Group	mBank	mBank Group	mBank	mBank Group
Common Equity Tier I capital (PLN thousand)	14 688 721	14 499 548	14 737 574	14 589 931	13 583 901	13 343 086
Tier I capital (PLN thousand)	16 188 721	15 999 548	16 237 574	16 089 931	15 083 901	14 843 086
Own funds (PLN thousand)	17 438 363	17 249 190	17 595 721	17 448 078	16 442 048	16 201 233
Common Equity Tier I ratio (%)	14.7	12.9	16.3	14.2	15.0	13.1
Tier I capital ratio (%)	16.2	14.2	18.0	15.7	16.7	14.5
Total capital ratio (%)	17.5	15.4	19.5	17.0	18.2	15.9

The transformation results from the retrospective inclusion of the individual net result for the fourth quarter of 2024 in the amount of PLN 982 950 thousand and the consolidated net result for the fourth quarter of 2024 in the amount of PLN 986 007 thousand in the individual and consolidated own funds as of 31 December 2024, after the approval of the annual individual and consolidated financial statements for 2024 by the General Meeting of Shareholders on 27 March 2025, in accordance with the EBA's position expressed in Q&A 2018_4085.

33. Events after the balance sheet date

Since 31 March 2025 until the day of approval of this condensed consolidated financial statement, no events occurred that would require additional disclosure in this condensed consolidated financial statement.

CONDENSED SEPARATE FINANCIAL STATEMENT OF MBANK S.A. FOR THE FIRST QUARTER OF 2025

CONDENSED SEPARATE INCOME STATEMENT

	1 st quarter (current year) period from 01.01.2025 to 31.03.2025	1 st quarter (previous year) period from 01.01.2024 to 31.03.2024
Interest income, including:	3 453 389	3 378 276
<i>Interest income accounted for using the effective interest method</i>	3 393 003	3 307 508
<i>Income similar to interest on financial assets at fair value through profit or loss</i>	60 386	70 768
Interest expenses	(1 162 160)	(1 174 592)
Net interest income	2 291 229	2 203 684
Fee and commission income	754 735	694 463
Fee and commission expenses	(276 932)	(241 333)
Net fee and commission income	477 803	453 130
Dividend income	468	127
Net trading income	69 508	51 365
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss	18 768	14 842
Gains or losses from derecognition of assets and liabilities not measured at fair value through profit or loss	1 986	4 107
Other operating income	51 861	20 554
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	(126 959)	(41 770)
Costs of legal risk related to foreign currency loans	(661 769)	(1 370 563)
Overhead costs	(801 288)	(677 575)
Depreciation	(122 345)	(118 064)
Other operating expenses	(88 145)	(31 056)
Operating profit	1 111 117	508 781
Tax on the Bank's balance sheet items	(181 013)	(176 550)
Share in profits (losses) of entities under the equity method	54 034	80 476
Profit before income tax	984 138	412 707
Income tax expense	(271 074)	(153 390)
Net profit	713 064	259 317
Earnings per share (in PLN)	16.78	6.11
Diluted earnings per share (in PLN)	16.75	6.09

mBank S.A. Group

Consolidated financial report for the first quarter of 2025

Condensed separate financial statement of mBank S.A. for the first quarter of 2025

(PLN thousand)

CONDENSED SEPARATE STATEMENT OF COMPREHENSIVE INCOME

	1 st quarter (current year) period from 01.01.2025 to 31.03.2025	1 st quarter (previous year) period from 01.01.2024 to 31.03.2024
Net profit	713 064	259 317
Other comprehensive income net of tax, including:	67 990	(28 023)
Items that may be reclassified subsequently to the income statement	67 990	(28 023)
Exchange differences on translation of foreign operations (net)	165	(1 501)
Cash flows hedges (net)	29 352	32 390
Share of other comprehensive income of entities under the equity method (net)	5 454	(4 508)
Change in valuation of debt instruments at fair value through other comprehensive income (net)	33 019	(54 404)
Total comprehensive income (net)	781 054	231 294

mBank S.A. Group

Consolidated financial report for the first quarter of 2025

Condensed separate financial statement of mBank S.A. for the first quarter of 2025

(PLN thousand)

CONDENSED SEPARATE STATEMENT OF FINANCIAL POSITION

ASSETS	31.03.2025	31.12.2024
Cash and cash equivalents	16 642 188	36 601 484
Financial assets held for trading and derivatives held for hedges	2 778 300	1 850 456
Non-trading financial assets mandatorily at fair value through profit or loss, including:	736 387	781 069
<i>Equity instruments</i>	239 494	263 015
<i>Debt securities</i>	32 604	31 204
<i>Loans and advances to customers</i>	464 289	486 850
Financial assets at fair value through other comprehensive income	45 656 694	49 313 947
<i>Debt securities</i>	30 832 747	33 405 946
<i>Loans and advances to customers</i>	14 823 947	15 908 001
Financial assets at amortised cost, including:	169 357 464	145 661 493
<i>Debt securities</i>	44 018 614	37 373 491
<i>Loans and advances to banks</i>	23 178 197	13 248 554
<i>Loans and advances to customers</i>	102 160 653	95 039 448
Investments in subsidiaries	2 614 644	2 559 341
Non-current assets and disposal groups classified as held for sale	121 952	102 810
Intangible assets	1 749 248	1 734 762
Tangible assets	1 084 635	1 112 091
Current income tax assets	277 409	58 909
Deferred income tax assets	576 940	776 659
Other assets	2 054 650	1 715 364
TOTAL ASSETS	243 650 511	242 268 385
LIABILITIES AND EQUITY		
LIABILITIES		
Financial liabilities held for trading and derivatives held for hedges	1 688 685	1 070 747
Financial liabilities measured at amortised cost, including:	215 108 209	216 362 457
<i>Amounts due to banks</i>	2 982 500	3 085 267
<i>Amounts due to customers</i>	200 526 312	200 775 756
<i>Lease liabilities</i>	751 382	763 400
<i>Debt securities issued</i>	8 972 737	9 062 497
<i>Subordinated liabilities</i>	1 875 278	2 675 537
Fair value changes of the hedged items in portfolio hedge of interest rate risk	(186 610)	(393 568)
Liabilities classified as held for sale	30 025	30 940
Provisions	2 635 014	3 202 145
Current income tax liabilities	72 986	235 251
Other liabilities	5 754 115	3 996 670
TOTAL LIABILITIES	225 102 424	224 504 642
EQUITY		
Share capital:	3 625 801	3 625 801
Registered share capital	169 988	169 988
Share premium	3 455 813	3 455 813
Retained earnings:	13 539 907	12 823 553
- Profit from previous years	12 826 843	10 587 878
- Profit for the current year	713 064	2 235 675
Other components of equity	(117 621)	(185 611)
Additional components of equity	1 500 000	1 500 000
TOTAL EQUITY	18 548 087	17 763 743
TOTAL LIABILITIES AND EQUITY	243 650 511	242 268 385

mBank S.A. Group

Consolidated financial report for the first quarter of 2025

Condensed separate financial statement of mBank S.A. for the first quarter of 2025

(PLN thousand)

CONDENSED SEPARATE STATEMENT OF CHANGES IN EQUITY

Changes from 1 January to 31 March 2025

	Share capital		Retained earnings		Other components of equity	Additional equity components	Total equity
	Registered share capital	Share premium	Profit from the previous years	Profit/loss for the current year			
Equity as at 1 January 2025	169 988	3 455 813	10 587 878	2 235 675	(185 611)	1 500 000	17 763 743
Transfer of profit/loss from previous year	-	-	2 235 675	(2 235 675)	-	-	-
Total comprehensive income	-	-	-	713 064	67 990	-	781 054
Net profit for the current year	-	-	-	713 064	-	-	713 064
Other comprehensive income	-	-	-	-	67 990	-	67 990
Exchange differences on translation of foreign operations (net)	-	-	-	-	165	-	165
Cash flows hedges (net)	-	-	-	-	29 352	-	29 352
Share of other comprehensive income of entities under the equity method (net)	-	-	-	-	5 454	-	5 454
Change in valuation of debt instruments at fair value through other comprehensive income (net)	-	-	-	-	33 019	-	33 019
Changes regarding transactions with Owners of mBank S.A.	-	-	3 290	-	-	-	3 290
Value of services provided by the employees	-	-	3 290	-	-	-	3 290
Equity as at 31 March 2025	169 988	3 455 813	12 826 843	713 064	(117 621)	1 500 000	18 548 087

Changes from 1 January to 31 December 2024

	Share capital		Retained earnings		Other components of equity	Additional equity components	Total
	Registered share capital	Share premium	Profit from the previous years	Profit/loss for the current year			
Equity as at 1 January 2024	169 861	3 446 324	10 553 852	29 322	(536 421)	-	13 662 938
Transfer of profit/loss from previous year	-	-	29 322	(29 322)	-	-	-
Total comprehensive income	-	-	-	2 235 675	350 810	-	2 586 485
Net profit for the current year	-	-	-	2 235 675	-	-	2 235 675
Other comprehensive income	-	-	-	-	350 810	-	350 810
Exchange differences on translation foreign operations (net)	-	-	-	-	(5 556)	-	(5 556)
Cash flows hedges (net)	-	-	-	-	156 532	-	156 532
Share of other comprehensive income of entities under the equity method (net)	-	-	-	-	36 641	-	36 641
Change in valuation of debt instruments at fair value through other comprehensive income (net)	-	-	-	-	171 404	-	171 404
Actuarial gains and losses relating to post-employment benefits (net)	-	-	-	-	(8 211)	-	(8 211)
Changes regarding transactions with Owners of mBank S.A.	127	9 489	4 704	-	-	-	14 320
Issuance of ordinary shares	127	-	-	-	-	-	127
Value of services provided by the employees	-	-	14 193	-	-	-	14 193
Settlement of exercised options	-	9 489	(9 489)	-	-	-	-
Other changes	-	-	-	-	-	1 500 000	1 500 000
Issue of AT1 equity	-	-	-	-	-	1 500 000	1 500 000
Equity as at 31 December 2024	169 988	3 455 813	10 587 878	2 235 675	(185 611)	1 500 000	17 763 743

mBank S.A. Group

Consolidated financial report for the first quarter of 2025

Condensed separate financial statement of mBank S.A. for the first quarter of 2025

(PLN thousand)

Changes from 1 January to 31 March 2024

	Share capital		Retained earnings		Other components of equity	Additional equity components	Total equity
	Registered share capital	Share premium	Profit from the previous years	Profit/loss for the current year			
Equity as at 1 January 2024	169 861	3 446 324	10 553 852	29 322	(536 421)	-	13 662 938
Transfer of profit/loss from previous year	-	-	29 322	(29 322)	-	-	-
Total comprehensive income	-	-	-	259 317	(28 023)	-	231 294
Net profit for the current year	-	-	-	259 317	-	-	259 317
Other comprehensive income	-	-	-	-	(28 023)	-	(28 023)
Exchange differences on translation of foreign operations (net)	-	-	-	-	(1 501)	-	(1 501)
Cash flows hedges (net)	-	-	-	-	32 390	-	32 390
Share of other comprehensive income of entities under the equity method (net)	-	-	-	-	(4 508)	-	(4 508)
Change in valuation of debt instruments at fair value through other comprehensive income (net)	-	-	-	-	(54 404)	-	(54 404)
Changes regarding transactions with Owners of mBank S.A.	-	-	3 460	-	-	-	3 460
Value of services provided by the employees	-	-	3 460	-	-	-	3 460
Equity as at 31 March 2024	169 861	3 446 324	10 586 634	259 317	(564 444)	-	13 897 692

CONDENSED SEPARATE STATEMENT OF CASH FLOW

	1 st quarter (current year) period from 01.01.2025 to 31.03.2025	1 st quarter (previous year) period from 01.01.2024 to 31.03.2024
Profit before income tax	984 138	412 707
Adjustments:	(19 918 073)	(12 143 055)
Income taxes paid	(480 427)	(68 007)
Depreciation, including depreciation of fixed assets provided under operating lease	124 791	121 121
Foreign exchange (gains) losses related to financing activities	(264 723)	(271 808)
(Gains) losses on investing activities	(96 117)	(80 416)
Change in valuation of investments in subsidiaries accounted for using other than the equity method	4 184	(2 509)
Dividends received	(468)	(127)
Interest income (income statement)	(3 453 389)	(3 378 276)
Interest expense (income statement)	1 162 160	1 174 592
Interest received	3 001 245	2 906 686
Interest paid	(1 043 641)	(1 265 619)
Changes in loans and advances to banks	(9 895 987)	(4 932 301)
Changes in financial assets and liabilities held for trading and hedging derivatives	(71 035)	(465 793)
Changes in loans and advances to customers	(6 076 980)	(2 021 193)
Changes in securities at fair value through other comprehensive income	2 944 381	2 742 998
Changes in securities at amortised cost	(6 498 181)	(4 340 393)
Changes of non-trading equity securities mandatorily at fair value through profit or loss	38 099	(15 598)
Changes in other assets	(317 520)	160 423
Changes in amounts due to banks	(39 855)	72 096
Changes in amounts due to customers	(250 634)	(2 690 515)
Changes in lease liabilities	(8 336)	(15 780)
Changes in issued debt securities	4 934	(35 429)
Changes in provisions	(567 131)	762 605
Changes in other liabilities	1 866 557	(499 812)
A. Cash flows from operating activities	(18 933 935)	(11 730 348)
Disposal of intangible assets and tangible fixed assets	4 869	265
Dividends received	468	127
Acquisition of shares or stock in subsidiaries	-	(46 700)
Purchase of intangible assets and tangible fixed assets	(184 707)	(164 482)
B. Cash flows from investing activities	(179 370)	(210 790)
Redemption of debt securities	(17 796)	(154 953)
Redemption or repayment of subordinated liabilities	(750 000)	
Payments of financial lease liabilities	(39 869)	(40 535)
Interest paid regarding financing activities	(38 697)	(46 243)
C. Cash flows from financing activities	(846 362)	(241 731)
Net increase/decrease in cash and cash equivalents (A+B+C)	(19 959 667)	(12 182 869)
Effects of exchange rate changes on cash and cash equivalents	371	501
Cash and cash equivalents at the beginning of the reporting period	36 601 484	36 641 448
Cash and cash equivalents at the end of the reporting period	16 642 188	24 459 080

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**1. Description of relevant accounting policies****Accounting basis**

The condensed financial statements of mBank S.A. have been prepared for the 3-month period ended 31 March 2025. Comparative data include the period from 1 January 2024 to 31 March 2024 for the condensed income statement, the condensed statement of comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity, additionally for the period from 1 January to 31 December 2024 for the condensed statement of changes in equity, and in the case of the condensed statement of financial position, data as at 31 December 2024.

These interim financial statements for the first quarter of 2025 have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Financial statements of mBank S.A. for 2024, published on 28 February 2025. They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Standards.

In addition, selected explanatory information provide additional information in accordance with Decree of the Minister of Finance dated 29 March 2018 concerning the publication of current and periodic information by issuers of securities and the conditions of acceptance as equal information required by the law of other state, which is not a member state (Journal of Laws 2018, item 757).

Material accounting principles applied to the preparation of these condensed financial statements are presented in Note 2 to the financial statements of mBank S.A. for 2024, published on 28 February 2025.

The preparation of the financial statements requires the application of specific accounting estimates. It also requires the Management Board to use its own judgment when applying the accounting policies adopted by the Bank. The issues in relation to which a significant professional judgement is required, more complex issues, or such issues where estimates or judgments are material to the financial statements are disclosed in Note 2.

Financial statements are prepared in compliance with materiality principle. Material omissions or misstatements of positions of financial statements are material if they could, individually or collectively, influence the economic decisions that users make on the basis of Bank's financial statements. Materiality depends on the size and nature of the omission or misstatement of the position of financial statements or a combination of both. The Bank presents separately each material class of similar positions. The Bank presents separately positions of dissimilar nature or function unless they are immaterial.

These condensed financial statements were prepared under the assumption that all the entities of the Bank continues as a going concern in the foreseeable future, i.e. in the period of at least 12 months following the reporting date. As of the date of approving these statements, the Bank Management Board has not identified any events that could indicate that the continuation of the operations by the Bank is endangered in the period of 12 months from the reporting date.

New standards, interpretations and amendments to published standards

The detailed information regarding the new International Accounting Standards and the International Financial Reporting Standards is presented in the condensed consolidated financial statements of mBank S.A. Group for the first quarter of 2025.

2. Major estimates and judgments made in connection with the application of accounting policy principles

The Bank applies estimates and adopts assumptions which impact the values of assets and liabilities presented in the subsequent period. Estimates and assumptions, which are continuously subject to assessment, rely on historical experience and other factors, including expectations concerning future events, which seem justified under the given circumstances.

Provisions for legal risks relating to indexation clauses in mortgage and housing loans in CHF and other foreign currencies

Detailed information on the impact of legal risk related to mortgage and housing loans granted to individual customers indexed to CHF and other foreign currencies is provided in Note 33 of Condensed consolidated financial statements of mBank S.A. Group for the first quarter of 2025.

Impairment of loans and advances

The Bank reviews its loan portfolio in terms of possible impairments at least once per quarter. In order to determine whether any impairment loss should be recognised in the income statement, the Bank assesses whether any evidence exists that would indicate some measurable reduction of estimated future cash flows attached to the loan portfolio. The methodology and the assumptions, on the basis of which the estimated

cash flow amounts and their anticipated timing are determined, are regularly verified. If the current value of estimated cash flows (discounted recoveries from payments of capital, discounted recoveries from interests, discounted recoveries from off-balance sheet liabilities and discounted recoveries from collaterals for on-balance and off-balance sheet loans and advances and for off-balance sheet liabilities, weighed by the probability of realisation of specific scenarios) for portfolio of loans and advances and for off-balance sheet liabilities which are impaired as of 31 March 2025, change by +/- 10%, the estimated loans and advances and off-balance liabilities impairment would either decrease by PLN 43.3 million or increase by PLN 46.5 million (as at 31 December 2024: PLN 54.7 million and PLN 58.0 million). This estimation was performed for portfolio of loans and advances and for off-balance sheet liabilities individually assessed for impairment on the basis of future cash flows due to repayments and recovery from collateral – Stage 3. The rules of determining write-downs and provisions for impairment of credit exposures have been described under Note 3.3.6 of financial statements of mBank S.A. for 2024, published on 28 February 2025.

Fair value of derivatives and other financial instruments

The fair value of financial instruments not listed on active markets is determined by applying valuation techniques. All models are approved prior to being applied and they are also calibrated in order to assure that the obtained results indeed reflect the actual data and comparable market prices. As far as possible, observable market data originating from an active market are used in the models. Methods for determining the fair value of financial instruments are described in Note 2.5 of financial statements of mBank S.A. for 2024, published on 28 February 2025.

Deferred tax assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available, against which the losses can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits.

Income tax in interim financial statements

Income tax in interim financial statements is accrued in accordance with IAS 34. Interim period tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

Calculating the average annual effective income tax rate requires the use of a forecast of pre-tax income for the entire financial year and permanent differences regarding the balance sheet and tax values of assets and liabilities. The projected annual effective tax rate used to calculate the income tax burden in the first quarter of 2025 was 27.5% (first quarter of 2024: 37.2%).

The greatest impact on the value of the average annual effective tax rate in relation to the nominal income tax rate in the first quarter of 2025 resulted from the costs of legal risk related to foreign currency loans, tax on financial institutions and contributions and other mandatory payments that do not constitute tax deductible costs (including Bank Guarantee Fund fees).

Revenue and expenses from sale of insurance products bundled with loans

Revenue from sale of insurance products bundled with loans are split into interest income and fee and commission income based on the relative fair value analysis of each of these products.

The remuneration included in fee and commission income is recognised partly as upfront income and partly including deferring over time based on the analysis of the stage of completion of the service. Costs directly related to the sale of insurance products are settled in a similar way.

Liabilities due to post-employment employee benefits

The costs of post-employment employee benefits are determined using an actuarial valuation method. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and other factors. Due to the long-term nature of these programmes, such estimates are subject to significant uncertainty.

Leasing classification

The Bank as a lessee makes certain estimates and calculations that have an impact on the valuation of lease liabilities and right-of-use assets. They include, among others: determination of the duration of contracts, determining the interest rate used to discount future cash flows and determination of the depreciation rate of right-of-use assets.

SELECTED EXPLANATORY INFORMATION**1. Compliance with International Financial Reporting Standards**

The presented condensed financial statements for the first quarter of 2025 fulfils the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" relating to interim financial reports.

In addition, selected explanatory information provide additional information in accordance with Decree of the Minister of Finance dated 29 March 2018 concerning the publication of current and periodic information by issuers of securities and the conditions of acceptance as equal information required by the law of other state, which is not a member state (Journal of Laws 2018, item 757).

2. Consistency of accounting principles and calculation methods applied to the drafting of the quarterly report and the last annual financial statements

The description of the Bank's material accounting policies is presented in Note 2 of Financial statements of mBank S.A. for 2024, published on 28 February 2025. The accounting principles adopted by the Bank were applied on a continuous basis for all periods presented in the financial statements, except for the accounting principles related to the recognition of income tax, which in interim reports are in accordance with IAS 34.

3. Seasonal or cyclical nature of the business

The business operations of the Bank do not involve significant events that would be subject to seasonal or cyclical variations.

4. Nature and values of items affecting assets, liabilities, equity, net profit or cash flows, which are extraordinary in terms of their nature, magnitude or exerted impact

In the financial results for the first quarter of 2025, Bank recognised the cost of legal risk related to foreign currency loans in the amount of PLN 661.8 million. The detailed information in this regard is presented in Note 33 of Condensed consolidated financial statements of mBank S.A. Group for the first quarter of 2025.

5. Nature and amounts of changes in estimate values of items, which were presented in previous interim periods of the current reporting year, or changes of accounting estimates indicated in prior reporting years, if they bear a substantial impact upon the current interim period

The financial results for the first quarter of 2025 include cost of legal risk related to foreign currencies loans in the amount of PLN 661.8 million. The detailed information in this regard is presented in Note 33 of Condensed consolidated financial statements of mBank S.A. Group for the first quarter of 2025.

6. Issues, redemption and repayment of non-equity and equity securities

In the first quarter of 2025, the following issues and redemptions occurred in the Bank:

- On 22 January 2025, mBank partially redeemed CLN bonds in the amount of EUR 4 182 thousand. The redemption was due to the amortization of the securitized portfolio and related to the synthetic securitization transaction carried out in December 2022.
- On 17 January 2025, the Bank redeemed subordinated bonds of the MBK0170125 series issued on 17 December 2014, with a total value of PLN 750 million. The bonds were redeemed by the Bank at their maturity date.

7. Dividends paid (or declared) altogether or broken down by ordinary shares and other shares

On 27 March 2025, the 38th Annual General Meeting of mBank S.A. adopted resolution regarding the profit share for 2024. The net profit earned by mBank S.A. in 2024, amounting to PLN 2 235 675 201.87 is decided to remain undivided. The Annual General Meeting of mBank S.A. also decided to leave the profit from the previous years in the amount of PLN 1 401 756 971.49 undivided. The Annual General Meeting of mBank S.A did not decide about dividend payment.

8. Income and profit by business segments

Significant events occurring after the end of the first quarter of 2025 are described in Note 4 of Condensed Consolidated financial statement of mBank S.A. Group for first quarter of 2025.

9. Significant events after the end of the first quarter of 2025, which are not reflected in the financial statements

Significant events occurring after the end of the first quarter of 2025 are described in Section 36 Selected explanatory data.

10. Effect of changes in the structure of the entity in the first quarter of 2025, including business combinations, acquisitions or disposal of subsidiaries, long-term investments, restructuring, and discontinuation of business activities

In the first quarter of 2025, events as indicated above did not occur in the Bank.

11. Changes in contingent liabilities and commitments

In the first quarter of 2025, there were no changes in contingent liabilities and commitments of credit nature, i.e. guarantees, letters of credit or unutilised loan amounts, other than resulting from current operating activities of the Bank. There was no single case of granting of guarantees or any other contingent liability of any material value for the Bank.

12. Write-offs of the value of inventories down to net realisable value and reversals of such write-offs

In the first quarter of 2025, events as indicated above did not occur in the Bank.

13. Revaluation write-offs on account of impairment of tangible fixed assets, intangible assets, or other assets as well as reversals of such write-offs

In the first quarter of 2025, events as indicated above did not occur in the Bank.

14. Revaluation write-offs on account of impairment of financial assets

	the period	from 01.01.2025 to 31.03.2025	from 01.01.2024 to 31.03.2024
Impairment or reversal of impairment of financial assets not measured at fair value through profit or loss, including:			
Financial assets at amortised cost		(119 966)	(69 671)
- debt securities		(5 019)	(452)
- loans and advances		(114 947)	(69 219)
Financial assets at fair value through other comprehensive income		(7 744)	(1 083)
- debt securities		(2 628)	332
- loans and advances		(5 116)	(1 415)
Commitments and guarantees granted		751	28 984
Total impairment losses on financial assets not measured at fair value through profit or loss		(126 959)	(41 770)

15. Reversals of provisions against restructuring costs

In the first quarter of 2025, events as indicated above did not occur in the Bank.

16. Acquisitions and disposals of tangible fixed asset items

In the first quarter of 2025, there were no material transactions of acquisition or disposal of any tangible fixed assets.

17. Material liabilities assumed on account of acquisition of tangible fixed assets

In the first quarter of 2025, events as indicated above did not occur in the Bank.

18. Information about changing the process (method) of measurement the fair value of financial instruments

In the reporting period there were no changes in the process (method) of measurement the fair value of financial instruments.

19. Changes in the classification of financial assets due to changes of purpose or use of these assets

In the reporting period there were no changes in the classification of financial assets as a result of a change in the purpose or use of these assets.

20. Corrections of errors from previous reporting periods

In the first quarter of 2025, events as indicated above did not occur in the Bank.

21. Information on changes in the economic situation and operating conditions that have a significant impact on the fair value of financial assets and financial liabilities of the entity, regardless of whether these assets and liabilities are included in the fair value or in the adjusted purchase price (amortised cost)

In the first quarter of 2025, events as indicated above did not occur in the Bank.

22. Default or infringement of a loan agreement or failure to initiate composition proceedings

In the first quarter of 2025, events as indicated above did not occur in the Bank.

23. Position of the management on the probability of performance of previously published profit/loss forecasts for the year in light of the results presented in the quarterly report compared to the forecast

The Bank did not publish a performance forecast for 2025.

24. Registered share capital

The total number of ordinary shares as at 31 March 2025 was 42 496 973 shares (31 December 2024: 42 496 973 shares) at PLN 4 nominal value each. All issued shares were fully paid up.

REGISTERED SHARE CAPITAL (THE STRUCTURE) AS AT 31 MARCH 2025						
Share type	Type of privilege	Type of limitation	Number of shares	Series / face value of issue in PLN	Paid up	Registered on
ordinary bearer*	-	-	9 989 000	39 956 000	fully paid in cash	1986
ordinary registered*	-	-	11 000	44 000	fully paid in cash	1986
ordinary bearer	-	-	2 500 000	10 000 000	fully paid in cash	1994
ordinary bearer	-	-	2 000 000	8 000 000	fully paid in cash	1995
ordinary bearer	-	-	4 500 000	18 000 000	fully paid in cash	1997
ordinary bearer	-	-	3 800 000	15 200 000	fully paid in cash	1998
ordinary bearer	-	-	170 500	682 000	fully paid in cash	2000
ordinary bearer	-	-	5 742 625	22 970 500	fully paid in cash	2004
ordinary bearer	-	-	270 847	1 083 388	fully paid in cash	2005
ordinary bearer	-	-	532 063	2 128 252	fully paid in cash	2006
ordinary bearer	-	-	144 633	578 532	fully paid in cash	2007
ordinary bearer	-	-	30 214	120 856	fully paid in cash	2008
ordinary bearer	-	-	12 395 792	49 583 168	fully paid in cash	2010
ordinary bearer	-	-	16 072	64 288	fully paid in cash	2011
ordinary bearer	-	-	36 230	144 920	fully paid in cash	2012
ordinary bearer	-	-	35 037	140 148	fully paid in cash	2013
ordinary bearer	-	-	36 044	144 176	fully paid in cash	2014
ordinary bearer	-	-	28 867	115 468	fully paid in cash	2015
ordinary bearer	-	-	41 203	164 812	fully paid in cash	2016
ordinary bearer	-	-	31 995	127 980	fully paid in cash	2017
ordinary bearer	-	-	24 860	99 440	fully paid in cash	2018
ordinary bearer	-	-	13 385	53 540	fully paid in cash	2019
ordinary bearer	-	-	16 673	66 692	fully paid in cash	2020
ordinary bearer	-	-	17 844	71 376	fully paid in cash	2021
ordinary bearer	-	-	48 611	194 444	fully paid in cash	2022
ordinary bearer	-	-	31 672	126 688	fully paid in cash	2023
ordinary bearer	-	-	31 806	127 224	fully paid in cash	2024
Total number of shares			42 496 973			
Total registered share capital				169 987 892		
Nominal value per share (PLN)		4				

* As at the end of the reporting period

25. Material share packages

The shareholders holding over 5% of the share capital and votes at the General Meeting are:

- Commerzbank AG which held 69.07% of the share capital and votes at the General Meeting of mBank S.A. as at 31 March 2025, and
- Nationale-Nederlanden Otwarty Fundusz Emerytalny the funds of which held 5.29% of the share capital and votes at the General Meeting of mBank S.A. as at 31 March 2025 (according to the list of shareholders registered during the XXXVIII Ordinary General Meeting of the Bank, which took place on 27 March 2025).

26. Earnings per share

the period	from 01.01.2025 to 31.03.2025	from 01.01.2024 to 31.03.2024
Basic:		
Net profit	713 064	259 317
Weighted average number of ordinary shares	42 496 973	42 465 167
Net basic profit per share (in PLN per share)	16.78	6.11
Diluted:		
Net profit applied for calculation of diluted earnings per share	713 064	259 317
Weighted average number of ordinary shares	42 496 973	42 465 167
Adjustments for:		
- subscription warrants	68 938	83 697
Weighted average number of ordinary shares for calculation of diluted earnings per share	42 565 911	42 548 864
Diluted earnings per share (in PLN per share)	16.75	6.09

27. Proceedings before a court, arbitration body or public administration authority

The information regarding the proceedings before a court, an arbitration body or a public administration body are presented in Point 26 of Selected explanatory information in Condensed consolidated financial statements of mBank S.A. Group for the first quarter of 2025.

28. Legal risk related to mortgage and housing loans granted to individual customers indexed to CHF and other foreign currencies

Detailed information on the impact of legal risk related to CHF and other foreign currencies mortgage and housing loans is provided in Note 33 of Condensed consolidated financial statements of mBank S.A. Group for the first quarter of 2025.

29. Off-balance sheet liabilities

	31.03.2025	31.12.2024
Contingent liabilities granted and received	58 949 160	56 257 448
Commitments granted	49 393 612	46 566 228
Financing	37 484 428	37 059 639
Guarantees and other financial facilities	8 823 252	9 006 631
Other liabilities	3 085 932	499 958
Commitments received	9 555 548	9 691 220
Financial commitments received	1 029 554	732 537
Guarantees received	8 525 994	8 958 683
Derivative financial instruments (nominal value of contracts)	560 181 282	679 631 867
Interest rate derivatives	445 817 643	552 143 702
Currency derivatives	106 165 872	121 872 011
Market risk derivatives	8 197 767	5 616 154
Total off-balance sheet items	619 130 442	735 889 315

30. Transactions with related entities

mBank S.A. is the parent entity of the mBank S.A. Group and Commerzbank AG is the ultimate parent of the Group as well as the direct parent of mBank S.A.

All transactions between the Bank and related entities were typical and routine transactions concluded on terms, which did not differ from arm's length terms, and their nature, terms and conditions resulted from the current operating activities conducted by the Bank. Transactions concluded with related entities as a part of regular operating activities include loans, deposits and foreign currency transactions.

The amounts of transactions with related entities, i.e., balances of receivables and liabilities as at 31 March 2025 and as at 31 December 2024, and related costs and income for the period from 1 January to 31 March 2025 and from 1 January to 31 March 2024 are presented in the table below.

	mBank's subsidiaries			Commerzbank AG			Other companies of the Commerzbank AG Group		
	31.03.2025	31.12.2024	31.03.2024	31.03.2025	31.12.2024	31.03.2024	31.03.2025	31.12.2024	31.03.2024
Statement of financial position									
Assets	25 622 473	24 094 535		595 248	506 446		15	16	
Liabilities	349 229	373 660		1 533 624	1 649 831		87 450	93 436	
Income Statement									
Interest income	363 115		338 409	32 005		16 827	-		-
Interest expense	(723)		(6 393)	(7 227)		(13 398)	(408)		(293)
Fee and commission income	3 739		2 992	1 997		1 665	13		14
Fee and commission expense	(74 296)		(69 061)	-		-	(4 019)		-
Other operating income	1 866		2 322	476		462	-		-
Overhead costs, amortisation and other operating expenses	(6 481)		(4 954)	(2 148)		(321)	-		-
Contingent liabilities granted and received									
Liabilities granted	2 429 143	2 883 846		2 029 479	2 068 805		1 985	1 992	
Liabilities received	-	-		1 726 785	1 912 420		-	-	

The total costs of remuneration of Members of the Supervisory Board, the Management Board and other key management personnel of the Bank that perform their duties from 1 January to 31 March 2025 recognised in the Bank's income statement for that period amounted to PLN 12 438 thousand (in the period from 1 January to 31 March 2024: PLN 11 151 thousand).

With regard to the Management Board and other key management personnel the remuneration costs include also remuneration in the form of shares and shares warrants.

31. Credit and loan guarantees, other guarantees granted of significant value

In the three-month period, ended on 31 March 2025, the Bank has not concluded any substantial agreements regarding credit and loan guarantees or guarantees granted of a significant amount.

32. Fair value of assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction of selling the asset or transferring a liability occurs either on the main market for the asset or liability, or in the absence of a main market, for the most advantageous market for the asset or liability.

In line with IFRS9, for accounting purposes, the Bank determines the valuation of its assets and liabilities through amortised cost or through fair value. In addition, for the positions that are valued through amortised cost, the fair value is calculated and disclosed, but only for disclosure purposes – according to IFRS7.

The approach to the method used for the loans that are fair valued in line of IFRS9 requirements, is described in the Note 3.3.7 to the financial statements of mBank S.A. for 2024, published on 28 February 2025.

Following market practices the Bank values open positions in financial instruments using either the mark-to-market approach or is applying pricing models well established in market practice (mark-to-model method) which use as inputs market prices or market parameters, and in few cases, parameters estimated internally by the Bank. All significant open positions in derivatives are valued by marked-to-

model using prices observable in the market. Domestic commercial papers are marked to model (by discounting cash flows), which in addition to market interest rate curve uses credit spreads estimated internally.

For disclosure purposes, the Bank assumed that the fair value of short-term financial liabilities (less than 1 year) is equal to the balance sheet values of such items. In addition, the Bank assumes that the estimated fair value of financial liabilities longer than 1 year is based on discounted cash flows using appropriate interest rates.

Financial assets and liabilities at amortised cost

The following table presents a summary of balance sheet values and fair values for each group of financial assets and liabilities not recognised in the statement of financial position of the Bank at their fair values.

	31.03.2025		31.12.2024	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets at amortised cost				
Debt securities	44 018 614	43 247 057	37 373 491	36 222 847
Loans and advances to banks	23 178 197	23 186 524	13 248 554	13 257 534
Loans and advances to customers, including:	102 160 653	102 994 123	95 039 448	95 883 307
Individual customers	44 818 622	46 372 458	43 132 830	44 687 546
Current accounts	6 951 091	7 284 780	6 816 927	7 150 920
Term loans	37 799 146	39 019 293	36 217 409	37 438 132
Other	68 385	68 385	98 494	98 494
Corporate customers	57 219 792	56 510 155	51 783 198	51 083 779
Current accounts	8 811 570	8 609 398	7 496 911	7 275 598
Term loans	43 379 886	42 872 421	42 782 642	42 304 536
Reverse repo or buy/sell back transactions	4 199 716	4 199 716	885 993	885 993
Other loans and advances	794 266	794 266	604 461	604 461
Other	34 354	34 354	13 191	13 191
Public sector customers	122 239	111 510	123 420	111 982
Financial liabilities at amortised cost				
Amounts due to other banks	2 982 500	2 982 500	3 085 267	3 085 267
Amounts due to customers	200 526 312	200 525 097	200 775 756	200 774 044
Debt securities in issue	8 972 737	8 881 809	9 062 497	8 994 341
Subordinated liabilities	1 875 278	1 848 192	2 675 537	2 648 702

The following sections present the key assumptions and methods used by the Bank for estimation of the fair values of financial instruments.

Loans and advances to banks and loans and advances to customers

The fair value for loans and advances to banks and loans and advances to customers is calculated as the estimated value of future cash flows (adjusted by prepayments) using current interest rates, including credit spread, cost of liquidity and cost of capital margin. The level of credit spread was determined based on market quotation of median credit spreads for Moody's rating grade. Attribution of a credit spread to a given credit exposure is based on a mapping between Moody's rating grade and internal rating grades of the Bank. To reflect the fact that the Bank's exposures are in major part collateralised whereas the median of market quotation is centred around unsecured issues, the Bank applied appropriate adjustments. Moreover, valuation of mortgage loans in PLN is calculated with the benchmark of fair value of mortgage loans classified as valued through fair value in accordance with IFRS 9, with an adjustment relating to credit quality of the portfolio.

Financial liabilities

Financial instruments representing liabilities for the Bank include the following:

- contracted borrowings,
- current accounts and deposits,
- issues of debt securities,

■ subordinated liabilities.

The fair value for these financial liabilities with a maturity of over 1 year is based on discounted cash flows by the use of discounting factor including an estimation of a spread reflecting the credit spread for mBank and the liquidity margin. For the loans received from European Investment Bank in EUR and in CHF the Bank used the EBI yield curve. With regard to the own issue as part of the EMTN programme the market price of the relevant financial services has been used.

In the case of deposits, the Bank has applied the curve constructed on the basis of quotations of money market rates as well as FRA and IRS contracts for appropriate currencies and maturities. In the case of subordinated liabilities, the valuation is based on discounted cash flows using market swap curves (depending on the terms of issue) adjusted for the issuer's credit risk.

In the case of bonds related to credit risk – Credit Linked Notes the Bank for the valuation uses the method of discounting the expected cash flows from bonds. In the part related to the discounting factor, the valuation also includes a component that takes into account mBank's credit spread and a liquidity margin. Due to the fact that the bondholders are secured in terms of the issuer's credit risk with the deposited securities, an assumption was made that these parameters would remain unchanged during the life of the bond.

The Bank assumed that the fair values of these instruments with less than 1 year to maturity was equal to the carrying amounts of the instruments.

According to the fair value methodology applied by the Bank, financial assets and liabilities are classified as follows:

- Level 1: prices quoted on active markets for the same instrument (without modification),
- Level 2: prices quoted on active markets for the similar instruments or other valuation techniques for which all significant input data are based on observable market data,
- Level 3: valuation methods for which at least one significant input data is not based on observable market data.

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The table below presents the fair value hierarchy of financial assets and liabilities measured at fair value in accordance with the assumptions and methods described above, exclusively for disclosure as at 31 March 2025 and as at 31 December 2024.

31.03.2025	Including:	Level 1	Level 2	Level 3
		Quoted prices in active markets	Valuation techniques based on observable market data	Other valuation techniques
VALUATION ONLY FOR PURPOSES OF DISCLOSURE				
FINANCIAL ASSETS				
Debt securities	43 247 057	36 224 140	-	7 022 917
Loans and advances to banks	23 186 524	-	-	23 186 524
Loans and advances to customers	102 994 123	-	-	102 994 123
Total financial assets	169 427 704	36 224 140	-	133 203 564
FINANCIAL LIABILITIES				
Amounts due to banks	2 982 500	-	1 867 011	1 115 489
Amounts due to customers	200 525 097	-	179 900	200 345 197
Debt securities issued	8 881 809	7 488 866	-	1 392 943
Subordinated liabilities	1 848 192	-	-	1 848 192
Total financial liabilities	214 237 598	7 488 866	2 046 911	204 701 821
31.12.2024	Including:	Level 1	Level 2	Level 3
		Quoted prices in active markets	Valuation techniques based on observable market data	Other valuation techniques
VALUATION ONLY FOR PURPOSES OF DISCLOSURE				
FINANCIAL ASSETS				
Debt securities	36 222 847	29 937 653	-	6 285 194
Loans and advances to banks	13 257 534	-	-	13 257 534
Loans and advances to customers	95 883 307	-	-	95 883 307
Total financial assets	145 363 688	29 937 653	-	115 426 035
FINANCIAL LIABILITIES				
Amounts due to banks	3 085 267	-	1 928 928	1 156 339
Amounts due to customers	200 774 044	-	208 067	200 565 977
Debt securities issued	8 994 341	7 550 558	-	1 443 783
Subordinated liabilities	2 648 702	-	-	2 648 702
Total financial liabilities	215 502 354	7 550 558	2 136 995	205 814 801

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Financial assets and liabilities measured at fair value and investment properties

The following table presents the hierarchy of fair values of financial assets and liabilities recognised in the statement of financial position of the Bank at their fair values.

31.03.2025	including:	Level 1	Level 2	Level 3
		Quoted prices in active markets	Valuation techniques based on observable market data	Other valuation techniques
RECURRING FAIR VALUE MEASUREMENTS				
Financial assets				
Financial assets held for trading and hedging derivatives	2 778 300	1 872 602	636 868	268 830
Loans and advances to customers	43 948	-	-	43 948
Debt securities	2 086 314	1 861 432	-	224 882
Equity instruments	11 170	11 170	-	-
Derivative instruments, including:	636 868	-	636 868	-
Derivative instruments held for trading	688 369	-	688 369	-
Hedging derivative instruments	501 329	-	501 329	-
Offsetting effect	(552 830)	-	(552 830)	-
Non-trading financial assets mandatorily at fair value through profit or loss	736 387	952	-	735 435
Loans and advances to customers	464 289	-	-	464 289
Debt securities	32 604	-	-	32 604
Equity securities	239 494	952	-	238 542
Financial assets at fair value through other comprehensive income	45 656 694	20 860 713	8 492 255	16 303 726
Loans and advances to customers	14 823 947	-	-	14 823 947
Debt securities	30 832 747	20 860 713	8 492 255	1 479 779
Total financial assets	49 171 381	22 734 267	9 129 123	17 307 991
Financial liabilities				
Financial liabilities held for trading and hedging derivatives	1 688 685	884 543	804 142	-
Derivative instruments, including:	804 142	-	804 142	-
Derivative instruments held for trading	900 077	-	900 077	-
Hedging derivative instruments	388 795	-	388 795	-
Offsetting effect	(484 730)	-	(484 730)	-
Liabilities from short sale of securities	884 543	884 543	-	-
Total financial liabilities	1 688 685	884 543	804 142	-

Assets measured at fair value and investment properties based on Level 3 changes in the period from 1 January to 31 March 2025	Financial assets held for trading and hedging derivatives		Non-trading financial assets mandatorily at fair value through profit or loss			Financial assets at fair value through other comprehensive income		Investment properties
	Loans and advances to customers	Debt securities	Loans and advances to customers	Debt securities	Equity securities	Loans and advances to customers	Debt securities	
As at the beginning of the period	42 972	255 878	486 850	31 204	222 374	15 908 001	1 386 964	-
Gains and losses for the period:	2 223	958	(646)	1 400	16 168	(2 506)	(586)	-
Recognised in profit or loss:	2 223	958	(646)	1 400	16 168	1 179	-	-
<i>Net trading income</i>	2 223	958	-	(2 036)	(62)	-	-	-
<i>Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss</i>	-	-	(646)	3 436	16 230	-	-	-
<i>Gains or losses from derecognition of financial assets and liabilities not measured at fair value through profit or loss</i>	-	-	-	-	-	1 179	-	-
Recognised in other comprehensive income:	-	-	-	-	-	(3 685)	(586)	-
<i>Financial assets at fair value through other comprehensive income</i>	-	-	-	-	-	(3 685)	(586)	-
Purchases / origination	-	84 185	8 154	-	-	175 413	215 358	-
Redemptions / total repayments	-	(660)	(23 739)	-	-	(308 590)	(16 399)	-
Sales	-	(1 081 676)	-	-	-	(776 610)	(341 246)	-
Issues	-	966 197	-	-	-	-	235 688	-
Other changes	(1 247)	-	(6 330)	-	-	(171 761)	-	-
As at the end of the period	43 948	224 882	464 289	32 604	238 542	14 823 947	1 479 779	-

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31.12.2024	including:	Level 1	Level 2	Level 3
		Quoted prices in active markets	Valuation techniques based on observable market data	Other valuation techniques
RECURRING FAIR VALUE MEASUREMENTS				
Financial assets				
Financial assets held for trading and hedging derivatives	1 850 456	931 871	619 735	298 850
Loans and advances to customers	42 972	-	-	42 972
Debt securities	1 176 347	920 469	-	255 878
Equity securities	11 402	11 402	-	-
Derivative instruments, including:	619 735	-	619 735	-
Derivative instruments held for trading	783 769	-	783 769	-
Hedging derivative instruments	391 896	-	391 896	-
Offsetting effect	(555 930)	-	(555 930)	-
Non-trading financial assets mandatorily at fair value through profit or loss	781 069	40 641	-	740 428
Loans and advances to customers	486 850	-	-	486 850
Debt securities	31 204	-	-	31 204
Equity securities	263 015	40 641	-	222 374
Financial assets at fair value through other comprehensive income	49 313 947	17 524 864	14 494 118	17 294 965
Loans and advances to customers	15 908 001	-	-	15 908 001
Debt securities	33 405 946	17 524 864	14 494 118	1 386 964
Total financial assets	51 945 472	18 497 376	15 113 853	18 334 243
Financial liabilities				
Financial liabilities held for trading and hedging derivatives	1 070 747	345 710	725 037	-
Derivative instruments, including:	725 037	-	725 037	-
Derivative instruments held for trading	824 760	-	824 760	-
Hedging derivative instruments	608 233	-	608 233	-
Offsetting effect	(707 956)	-	(707 956)	-
Liabilities from short sale of securities	345 710	345 710	-	-
Total financial liabilities	1 070 747	345 710	725 037	-

Assets measured at fair value and investment properties based on Level 3 changes in the period from 1 January to 31 December 2024	Financial assets held for trading and hedging derivatives		Non-trading financial assets mandatorily at fair value through profit or loss			Financial assets at fair value through other comprehensive income		Investment properties
	Loans and advances to customers	Debt securities	Loans and advances to customers	Debt securities	Equity securities	Loans and advances to customers	Debt securities	
As at the beginning of the period	40 498	237 606	603 713	50 144	173 518	18 238 558	1 412 571	111 964
Gains and losses for the period:	2 438	1 544	450	6 788	43 684	82 717	13 476	(19 259)
Recognised in profit or loss:	2 438	1 544	450	6 788	43 684	(6 031)	-	(19 259)
<i>Net trading income</i>	2 438	1 544	-	1 262	(28)	-	-	-
<i>Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss</i>	-	-	450	5 526	43 712	-	-	-
<i>Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss</i>	-	-	-	-	-	(6 031)	-	-
<i>Other operating income/other operating expenses</i>	-	-	-	-	-	-	-	(19 259)
Recognised in other comprehensive income:	-	-	-	-	-	88 748	13 476	-
<i>Financial assets at fair value through other comprehensive income</i>	-	-	-	-	-	88 748	13 476	-
Purchases / origination	-	524 173	16 252	-	5 172	1 205 739	1 586 072	-
Redemptions / total repayments	-	(39 946)	(110 736)	-	-	(767 142)	(439 433)	-
Sales	-	(2 603 790)	-	-	-	(1 787 729)	(1 713 890)	-
Issues	-	2 136 291	-	-	-	-	528 168	-
Reclassification to other positions	-	-	-	-	-	-	-	(92 705)
Other changes	36	-	(22 829)	(25 728)	-	(1 064 142)	-	-
As at the end of the period	42 972	255 878	486 850	31 204	222 374	15 908 001	1 386 964	-

During the first quarter of 2025 and during 2024 there were no transfers of financial instruments between the levels of fair value hierarchy.

With regard to financial instruments valued in repetitive way to the fair value classified as level 1 and 2 in hierarchy of fair value, any cases in which transfer between these levels may occur, are monitored by the Bank on the basis of internal rules. In the case there is no market price used to a direct valuation for more than 5 working days, the method of valuation is changed, i.e. change from marked-to-market valuation to marked-to-model valuation under the assumption that the valuation model for the respective type of this instrument has been already approved. The return to marked-to-market valuation method takes place after a period of at least 10 working days in which the market price was available on a continuous basis. If there is no market prices for a debt treasury bonds the above terms are respectively 2 and 5 working days.

Level 1

As at 31 March 2025 at level 1 of the fair value hierarchy, the Bank has presented the fair value of held for trading government bonds in the amount of PLN 1 861 432 thousand and the fair value of government bonds measured at fair value through other comprehensive income in the amount of PLN 20 860 713 thousand (31 December 2024: PLN 920 469 thousand and PLN 16 651 480 thousand, respectively). Moreover as at 31 December 2024 level 1 included the fair values of corporate bonds in the amount of PLN 873 384 thousand.

In addition, as at 31 March 2025 level 1 includes the value of the registered privileged shares of Giełda Papierów Wartościowych in the amount of PLN 952 thousand (31 December 2024: PLN 849 thousand) and other equity instruments in amount of PLN 11 170 thousand (31 December 2024: PLN 11 402 thousand). Moreover as at 31 December 2024 level 1 included stock of Visa Inc. in the amount of PLN 39 792 thousand.

As at 31 March 2025 level 1 also includes liabilities from short sale of securities quoted on active markets in the amount of PLN 884 543 thousand (31 December 2024: PLN 345 710 thousand).

These instruments are classified as level 1 because their valuation is directly derived by applying current market prices quoted on active and liquid financial markets.

Level 2

As at 31 March 2025 level 2 of the fair value hierarchy mainly includes the fair value of bills issued by NBP in the amount of PLN 8 492 255 thousand (31 December 2024: PLN 14 494 118 thousand), valuation of which is based on a NPV model (discounted future cash flows) fed with interest rate curves generated by transformation of quotations taken directly from active and liquid financial markets.

In addition, the level 2 category includes the valuation of derivative financial instruments borne on models consistent with market standards and practices, using parameters taken directly from the markets (e.g. foreign exchange rates, implied volatilities of FX options, stock prices and indices) or parameters which transform quotations taken directly from active and liquid financial markets (e.g. interest rate curves).

Level 3

As at 31 March 2025 level 3 of the hierarchy presents the fair value of commercial debt securities issued by local banks and companies in the amount of PLN 1 737 265 thousand (31 December 2024: PLN 1 674 046 thousand).

Model valuation for these items assumes a valuation based on the market interest rate yield curve adjusted by the level of credit spread. The credit spread parameter reflects the credit risk of the security issuer and is determined in accordance with the Bank's internal model. This model uses credit risk parameters (e.g. PD, LGD) and information obtained from the market (including implied spreads from transactions). PD and LGD parameters are not observed on active markets and therefore have been determined on the basis of statistical analysis. Models of the valuation of debt instruments and the credit spread were built internally in the Bank by risk units, were approved by the Model Risk Committee and are subject to periodic monitoring and validation carried out by an entity independent of the units responsible for building and maintaining the model.

Level 3 as at 31 March 2025 includes the value of loans and advances to customers in the amount of PLN 15 332 184 thousand (31 December 2024: PLN 16 437 823 thousand). The fair value calculation process for loans and advances to customers is described in detail in the Note 3.3.7 of financial statement of mBank S.A. for 2024, published on 28 February 2025.

Moreover level 3 includes the value of loans and advances to customers in the amount of PLN 238 542 thousand (31 December 2024: PLN 222 374 thousand). The equity instruments presented at level 3 have been valued using the dividend discount model. The valuations were predominantly prepared based on selected financial figures provided by valued entities and discounted with the cost of equity estimated

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using CAPM model (Capital Asset Pricing Model). At the end of the first quarter of 2025, the cost of equity was estimated at the level in the range from 11.6% to 12.1% (as at the end of 2024: in the range from 11.8% to 12.3%). Additionally, part of the forecasts assuming growth above the average market growth were discounted with the cost of equity at the level of 25%.

The table below presents the sensitivity of the fair value measurement to the change of unobservable parameters used in the models for financial instruments measured at fair value at level 3.

Portfolio	Fair value 31.03.2025	Sensitivity to change of unobservable parameter		Description
		(-)	(+)	
Equity instruments	238 542	(22 727)	28 225	The valuation model uses the cost of own capital as the unobservable discount parameter. Sensitivity was calculated assuming a change in the own capital by 100 bp. As the value of the parameter increases, the Bank expects a loss (-), as it decreases, the Bank expects a profit (+).
Corporate debt securities measured at fair value through other comprehensive income	1 479 779	(35 781)	35 781	The unobservable parameter is the credit spread. Sensitivity was calculated assuming a change in the credit spread by 100 bp. As the value of the parameter increases, the Bank expects a loss (-), as it decreases, the Bank expects a profit (+).
Corporate debt securities measured at fair value through profit or loss	224 882	(4 294)	4 294	
Loans and advances to customers held for trading	43 948	(72)	65	The valuation model uses credit risk parameters (PD and LGD). Sensitivity was calculated assuming a change in PD and LGD by +/- 10%. As the value of the parameter increases, the Bank expects a loss (-), as it decreases, the Bank expects a profit (+).
Loans and advances to customers mandatorily at fair value through profit or loss	464 289	(5 972)	5 994	
Loans and advances to customers measured at fair value through other comprehensive income	14 823 947	(13 692)	13 116	

Portfolio	Fair value 31.12.2024	Sensitivity to change of unobservable parameter		Description
		(-)	(+)	
Equity instruments	222 374	(21 197)	26 235	The valuation model uses the cost of own capital as the unobservable discount parameter. Sensitivity was calculated assuming a change in the own capital by 100 bp. As the value of the parameter increases, the Bank expects a loss (-), as it decreases, the Bank expects a profit (+).
Corporate debt securities measured at fair value through other comprehensive income	1 386 964	(31 149)	31 149	The unobservable parameter is the credit spread. Sensitivity was calculated assuming a change in the credit spread by 100 bp. As the value of the parameter increases, the Bank expects a loss (-), as it decreases, the Bank expects a profit (+).
Corporate debt securities measured at fair value through profit or loss	255 878	(3 948)	3 948	
Loans and advances to customers held for trading	42 972	(152)	137	The valuation model uses credit risk parameters (PD and LGD). Sensitivity was calculated assuming a change in PD and LGD by +/- 10%. As the value of the parameter increases, the Bank expects a loss (-), as it decreases, the Bank expects a profit (+).
Loans and advances to customers mandatorily at fair value through profit or loss	486 850	(6 444)	6 377	
Loans and advances to customers measured at fair value through other comprehensive income	15 908 001	(13 709)	13 114	

33. Other information which the issuer deems necessary to assess its human resources, assets, financial position, financial performance and their changes as well as information relevant to an assessment of the issuer's capacity to meet its liabilities

Management Board of mBank S.A.

As at 31 March 2025, the Management Board of mBank S.A. performed functions in the following composition:

1. Cezary Kocik – President of the Management Board,
2. Krzysztof Bratos – Vice-President of the Management Board, Head of Retail Banking,
3. Krzysztof Dąbrowski – Vice-President of the Management Board, Head of Operations & IT,
4. Marek Lusztyń – Vice-President of the Management Board, Head of Risk,
5. Julia Nusser – Vice-President of the Management Board, Head of Compliance and HR,
6. Adam Pers – Vice-President of the Management Board, Head of Corporate and Investment Banking,
7. Pascal Ruhland – Vice-President of the Management Board, Chief Financial Officer.

Supervisory Board of mBank S.A.

As at 31 March 2025 the composition of the Supervisory Board of mBank S.A. is as follows:

1. Agnieszka Słomka-Gołębiowska – Chairwoman,
2. Bernhard Spalt – Vice-Chairman,
3. Hans-Georg Beyer,
4. Tomasz Bieske,
5. Mirosław Godlewski,
6. Aleksandra Gren,
7. Thomas Schaufler,
8. Carsten Schmitt.

Changes in the Supervisory Board of mBank S.A.

- On 14 October 2024, Ms. Bettina Orlopp submitted her resignation from the position of member of the Supervisory Board, effective 27 February 2025.
- On 28 February 2025 the Supervisory Board appointed Mr. Carsten Schmitt to the Supervisory Board of mBank S.A. as of 28 February 2025 for the position of member of the Supervisory Board

34. Factors affecting the results in the coming quarter

The results in the coming quarter may also be affected by potential settlements of the Supreme Court, other national institutions or Court of Justice of the European Union in cases related to foreign currencies loans, which is presented in detail in the Note 33 of Condensed consolidated financial statements of mBank S.A. Group for the first quarter of 2025.

35. Other information

- Requirements on mBank Group capital ratios as of 31 March 2025

The minimum required level of capital ratios at the end of 31 March 2025 amounted to:

- Individual total capital ratio: 11.09%, Tier I capital ratio: 9.09% and Common Equity Tier I ratio: 7,59%;
- Consolidated total capital ratio: 11.08%, Tier I capital ratio: 9.08%, Common Equity Tier I ratio: 7,58%.

At the date of approval of these financial statements, mBank S.A. and mBank S.A. Group fulfil the PFSA requirements related to the required capital ratios on both individual and consolidated levels.

mBank S.A. Group

Consolidated financial report for the first quarter of 2025

Condensed separate financial statement of mBank S.A. for the first quarter of 2025

(PLN thousand)

The measures reported calculated taking into account the transitional provisions as well as measures calculated without taking into account the transitional provisions are presented below. As of 31 December 2024, both the originally published data and the restated data were presented.

	31.03.2025		31.12.2024 (after adjustment)		31.12.2024 (before adjustment)	
	mBank	mBank Group	mBank	mBank Group	mBank	mBank Group
Common Equity Tier I capital (PLN thousand)	14 688 721	14 499 548	14 737 574	14 589 931	13 583 901	13 343 086
Tier I capital (PLN thousand)	16 188 721	15 999 548	16 237 574	16 089 931	15 083 901	14 843 086
Own funds (PLN thousand)	17 438 363	17 249 190	17 595 721	17 448 078	16 442 048	16 201 233
Common Equity Tier I ratio (%)	14.7	12.9	16.3	14.2	15.0	13.1
Tier I capital ratio (%)	16.2	14.2	18.0	15.7	16.7	14.5
Total capital ratio (%)	17.5	15.4	19.5	17.0	18.2	15.9

The transformation results from the retrospective inclusion of the individual net result for the fourth quarter of 2024 in the amount of PLN 982,950 thousand and the consolidated net result for the fourth quarter of 2024 in the amount of PLN 986,007 thousand in the individual and consolidated own funds as of 31 December 2024, after the approval of the annual individual and consolidated financial statements for 2024 by the General Meeting of Shareholders on 27 March 2025, in accordance with the EBA's position expressed in Q&A 2018_4085.

36. Events after the balance sheet date

Since 31 March 2025 until the day of approval of this condensed separate financial statement, no events occurred that would require additional disclosure in this condensed separate financial statement.